

# SEB Impact Opportunity Fund

## Social performance report 2019

July 2020



SEB

## Contents

|   |    |
|---|----|
| Introduction .....  | 3  |
| SEB Impact Opportunity Fund - Key highlights.....                       | 4  |
| SEB Impact Opportunity Fund & the UN Sustainable Development Goals..... | 6  |
| Investment output .....   | 8  |
| Geographical outreach .....   | 8  |
| Investment outreach .....   | 10 |
| Local Currency .....  | 11 |
| Client outreach .....   | 12 |
| Investment themes - contribution to the SDGs.....                       | 14 |
| MSME Finance .....  | 14 |
| Food and agriculture.....   | 15 |
| Education .....   | 16 |
| Climate and Energy .....  | 17 |
| Sustainable finance .....   | 18 |
| Exclusion lists.....  | 18 |

## Introduction

The SEB Impact Opportunity Fund pursues sustainable and inclusive impact investing in emerging and frontier markets. It follows environmental and social governance (ESG) principles together with an investment strategy that serves the bottom of the pyramid. The fund invests with a mission to create inclusive growth and development for the benefit of low and middle-income households and micro-, small and medium enterprises. The fund aims to address a range of global challenges and opportunities, including but not limited to slowing and mitigating climate change, ending poverty and hunger, job creation and achieving gender equality in emerging and frontier markets.

### About this report

This report is the first annual impact report for the SEB Impact Opportunity Fund. It assesses how the fund is contributing to the achievement of the SDGs in mainly low- and middle-income countries as of December 2019.

This report was prepared by SEB Investment Management in collaboration with Symbiotics.

### About SEB & Impact Opportunity Fund

SEB was a pioneer in impact investing among Swedish banks when launching its first microfinance fund in 2013. It became the second bank in Europe to offer institutional investors unhedged local currency microfinance funds. Today SEB is one of the largest microfinance investment managers in Europe, with close to USD 1bn in assets under management.

The SEB Impact Opportunity Fund targets a broader set of SDGs than the microfinance funds and enables investors to access new markets and sectors.

### About Symbiotics

Symbiotics SA, headquartered in Geneva, Switzerland, is a market access platform for impact investing in emerging and frontier markets, entrusted as the investment advisor for the SEB Impact Opportunity Fund since its incorporation in 2018.



## SEB Impact Opportunity Fund - Key highlights

The SEB Impact Opportunity Fund aims to contribute to sustainable development and positive impact in emerging and frontier markets. Through its investments, the fund focuses not only on financial inclusion, but also on gender equality, education, access to

clean water and energy, and mitigating climate change.

Launched in 2018, the SEB Impact Opportunity Fund is invested in 50 financial institutions and corporates across 35 low and middle-income countries worldwide with USD 50.2 million outstanding in volumes as of December 2019. This report is the first annual social performance report for the Fund.

### First Year achievements:

Figure 1.0: Key highlights



# SEB Impact Opportunity Fund & the UN Sustainable Development Goals (UN SDGs)

SEB Impact Opportunity Fund has a mission to contribute to the SDGs through its sustainable investments. As such, we identify the key SDG contribution for each new transaction based on the main area of investment.

With a large share of its portfolio in microfinance, the fund primarily targets SDG 1 (No Poverty). The fund enables financial inclusion, or access to affordable financial services in a responsible and sustainable way to the low- and middle income population and micro-, small- and medium sized businesses (MSMEs) who would otherwise be excluded from the financial system. The fund also targets SDG 8 as it promotes job creation and MSME growth.

SDG 5 (Gender Equality) is another goal that the fund targets when providing women with equal access to economic resources and opportunities. In the financial inclusion investments, Around half are female borrowers and women account for more than 70% of end clients in 12% of our investees.

While 22% of end-clients work within the agriculture sector, 9% of the investees have a clear focus on financing the agriculture value-chain, contributing to SDG 2 (Zero Hunger).

Currently, only 5% targets the SDG 7 (affordable and clean energy), however that type of investment is likely to increase the coming years.



# Investment output

## Geographical outreach

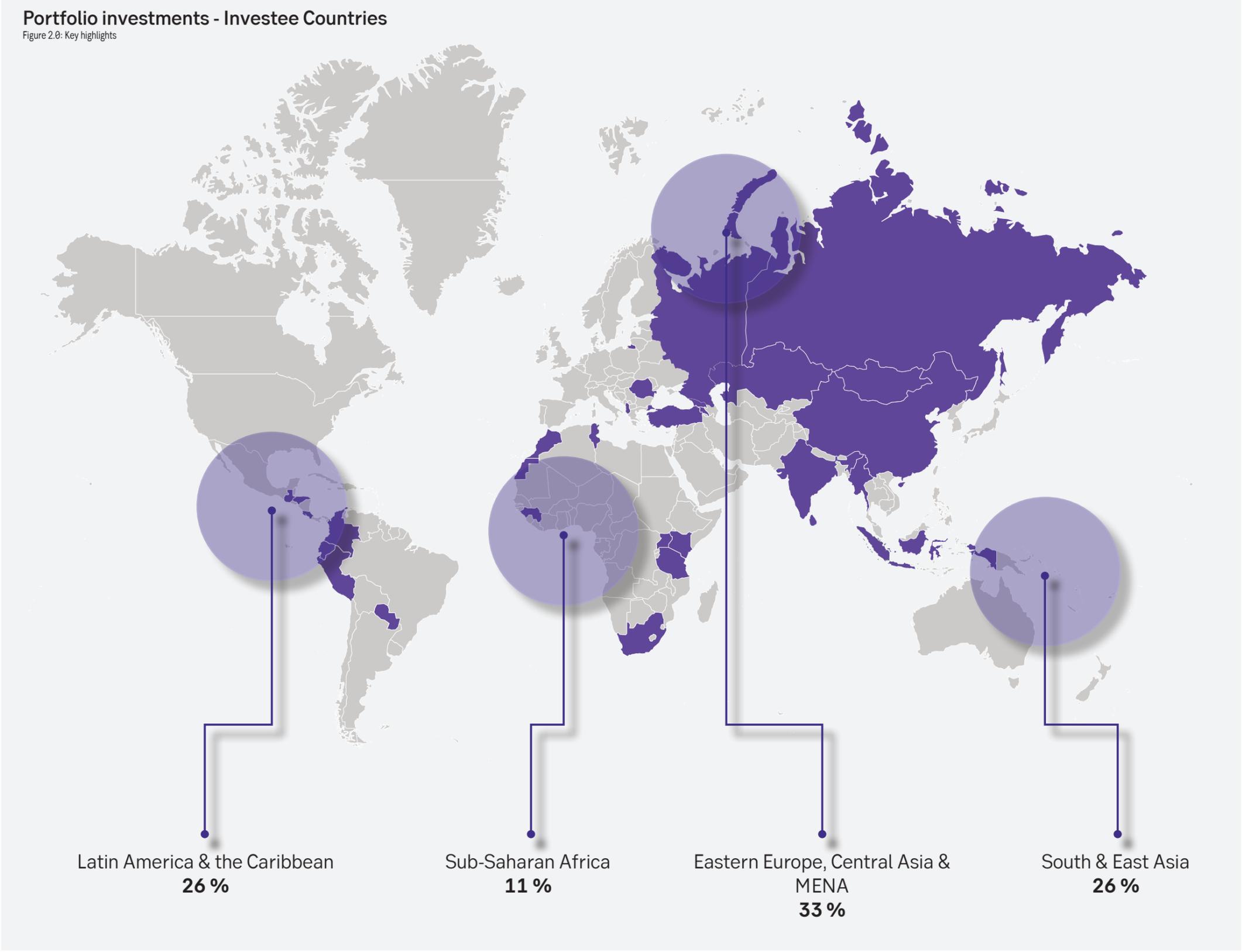
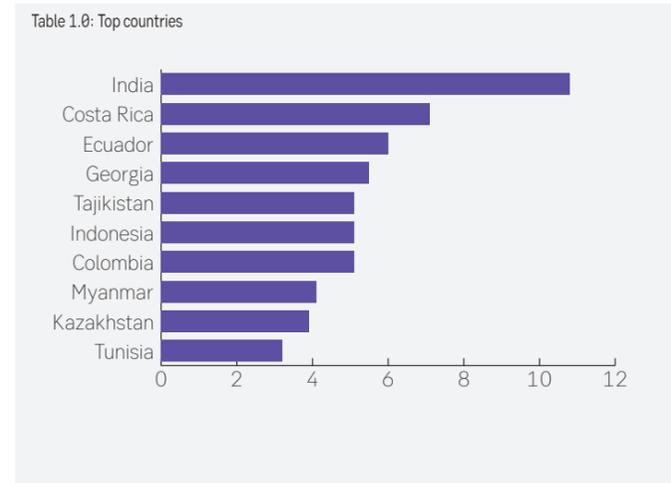
Since its incorporation in 2018, the SEB Impact Opportunity Fund:

»Originated USD 50.6 million through 51 transactions «

»Financed 50 investees in 35 emerging and frontier markets«

As of December 2019, the fund has a portfolio of USD 50.2 million invested in 50 financial institutions and companies in 35 countries. The fund is well-diversified across all regions, with the largest volumes invested in Eastern Europe, Central Asia & MENA followed by Latin America & the Caribbean and South & East Asia.<sup>1</sup>

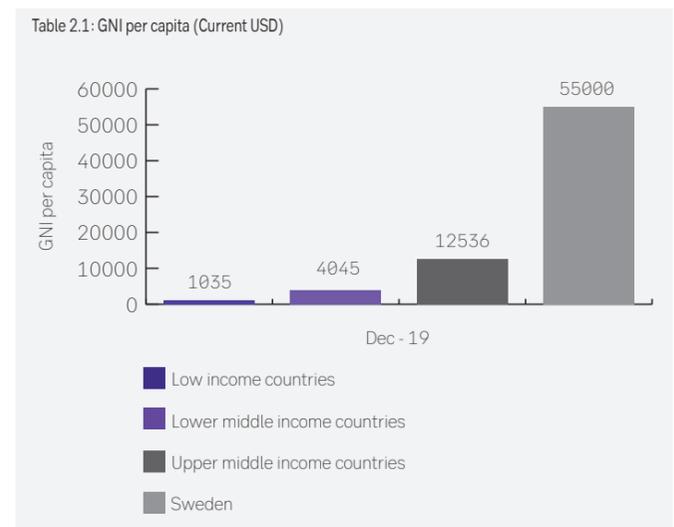
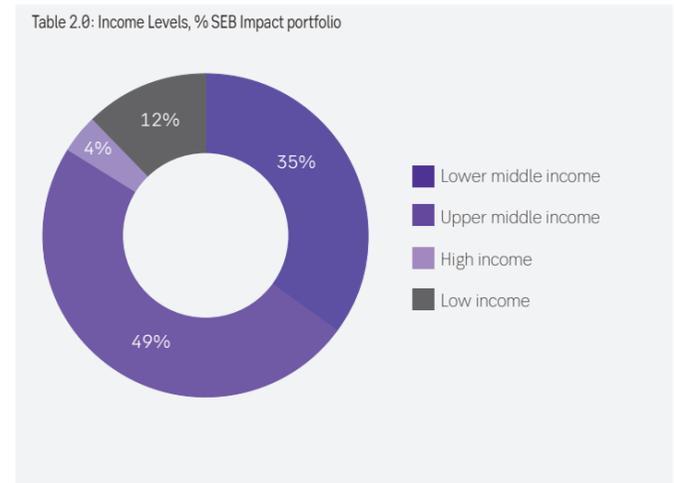
The top three countries in the fund at the end of 2019 were India, Costa Rica and Ecuador, together representing 24% of the total outstanding portfolio.



<sup>1</sup> 4% of the total exposure is indirectly invested in emerging and frontier economies through holding companies located in North America and Spain.

### Investment outreach

The fund is invested in Emerging and Frontier markets with almost half of the portfolio invested in countries, defined as upper-middle income countries (GNI USD 4,046-12,536) such as Ecuador, Kazakhstan and South Africa. Thirty-five percent is invested in lower-middle income countries like Nicaragua and Georgia (GNI USD 1036- 4,045) while twelve percent, or 6 out of the 35 investee countries are low-income countries like Uganda, Myanmar and Guatemala (GNI <USD 1035).



Given the investment needs in low-income countries, that tends to be more dependent on donor funding, private capital like this is needed to build a sustainable private sector to ultimately reduce poverty.

As a comparison, Sweden has a GNI per capita of USD 55,000. Overall the GNI per capita in the investee countries are lower than the world average.<sup>2</sup>

Box 1.0: Tugende Uganda

### »Offering Specialized Lease for a Unique Clientele in Uganda«

Institution: **Tugende Uganda**  
SEB Impact loan amount: **USD 1,000,000**

Tugende Uganda (TU) is a for-profit social enterprise established in Uganda in 2012. They use asset finance and technology to help informal sector entrepreneurs increase their economic opportunities.

Tugende provides motorbike lease finance to motorbike taxi (boda boda) drivers. In Uganda, driving a boda boda is one of the best available jobs for young men with little education. They earn up to 5 USD/day in a country where 64% of the population live on less than USD 2 a day (2012). Boda boda drivers are normally forced to pay perpetual rent to motorbike owners at excessive rates.

Tugende has a simple leasing model with competitive prices. At the end of the lease, the driver becomes the owner of the motorbike. The leasing package also includes safety training, driving license registration and insurance (medical, life and third-party). The weekly payments are only slightly higher than the rental rate. Once owning the assets, clients have used the savings they make on rent to invest in building houses, buying farm animal and better providing for their families' health and education.



### Local Currency

Eighty-five percent of the fund's investments overall are in local currency and this rises to ninety percent in low-income countries.

Long term local currency debt financing by commercial investors is extremely rare in these countries and something that sets this fund apart from many other impact investments. The fund provides unhedged debt financing to financial institutions and corporates in their domestic currencies to take the currency risk away from the borrower. This risk arises when borrowers face a significant mismatch between their assets / revenues in local currency and hard currency liabilities. In many of these countries, the local solution for managing currency risk may be complicated, too expensive or unavailable.

By lending in local currency, the fund meets the needs of domestic entrepreneurs and financial institutions and improves their credit quality.

Mr. Diop is an entrepreneur from Dakar who, thanks to the finance provided by ACEP Senegal, was able to expand his business and provide employment to people in his community (Box 2.0). ACEP Senegal is an institution that specializes in providing financial products and services tailor-made to meet the needs of Senegalese entrepreneurs.

Box 2.0: Client story - Mr. Manda Diop - ACEP Senegal



### »Fostering MSME Growth in Senegal«

Name: **Mr. Manda Diop**  
Country: **Senegal**  
Location: **Dakar**  
Institution: **ACEP Senegal**

Mr. Manda Diop is a 51-year old businessman living in Dakar. His wife works in a cosmetics and money transfer business. Together, they have seven children: three children live abroad while four live in Dakar. Mr. Diop had to drop out of school at a young age to help his family, but eventually completed his schooling after launching his business.

Today, Mr. Diop is a successful entrepreneur, who has two minimarts, one warehouse, and 15 container trucks. He has worked every day for 21 years and reinvested all the shops' profits into the truck business. He recently bought a 1000-square-meter piece of land, which he plans to use to build a supermarket. His products are either produced locally or imported. He currently employs 26 people in the shops and 15 people for the trucks business. Mr. Diop has been ACEP's client for five years. He typically borrows XOF 10 million (USD 17,000) that he pays within a year. He purchases stocks and sells the products quickly. He is very satisfied with ACEP as he can get money fast and efficiently.



<sup>2</sup> World Bank country classifications by income level: 2020-2021

### Client outreach

In 2019, the portfolio is estimated to have financed a total of 41,360 end-clients. Almost 50% of the clients lives in rural areas which is an achievement given the infrastructure and cost challenges of delivering products and services in these more remote areas.

Of the loans provided through the fund, 22% target borrowers actively involved in small trading activities, 22% agriculture, 19% services, 6% production and 31% other types of activities including transportation, construction, housing, renewable energy, and consumption.

Table 3.0: Client location, % of headcount

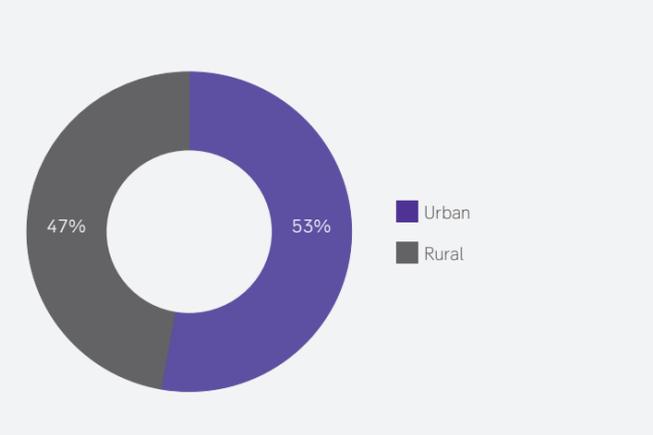
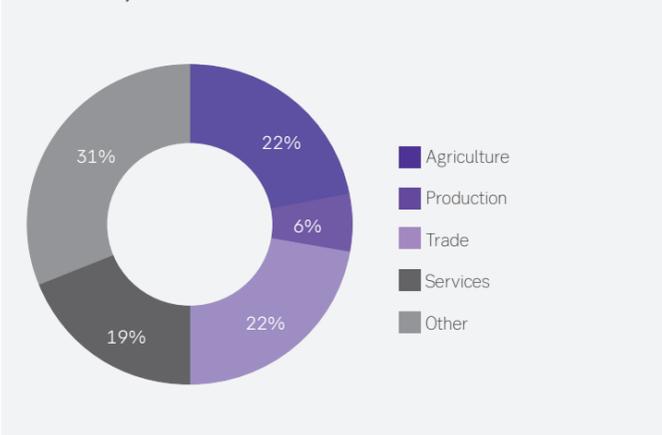


Table 3.2: Activity - # of active borrowers



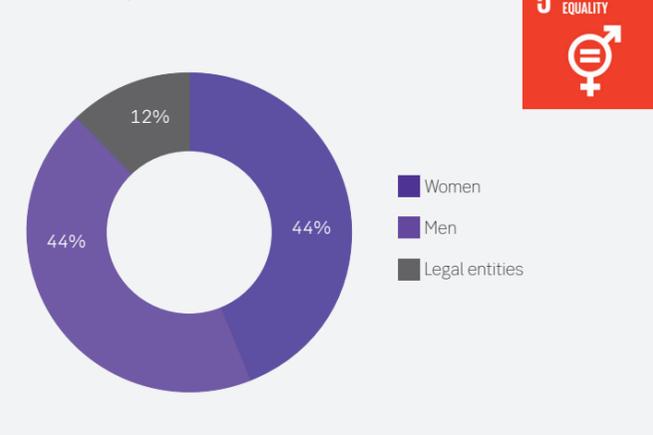
The fund financed an equal amount of female (44%) and male clients (44%). Considering the 28% gender financing cap among the population living on less than USD 2 a day, it demonstrates the female focus among our institutions. Gender equality and empowering women in the economy is key to achieving the SDGs. This includes women's ability to participate equally in existing markets, access to and control over productive resources and decent work.<sup>4</sup> By financing intermediaries with a strong focus on lending to female clients and enabling women through trainings and other non-financial services, the fund contributes to women economic empowerment and financial inclusion.

Providing access to finance to entrepreneurs in the agriculture, trade and production sector enables them to invest to increase productivity, purchase inputs and equipment, stocks and consequently increase their income level.

Ms. Janet Gonzabay from Ecuador is one of many micro-entrepreneurs active in the trade sector and who was able to grow her business as well as to improve the livelihood of her family (Box 3.0).

An institution which provides financing to the transport sector (defined as "Other" in Table 3.2) is SA Taxi. It provides financial products and services to entrepreneurs in the minibus taxi industry in South Africa. The minibus taxis are the country's main mode of transportation with 15m commuter trips/day compared to 2m for bus & rail.

Table 3.1: Gender, % of headcount



<sup>4</sup>UN Secretary General's High Level Panel on Women's Economic Empowerment *Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment*.

Box 3.0: Client story - Ms. Janet Gonzabay - Banco Solidario



### » Supporting Women Entrepreneurs Through Finance «

Name: **Ms. Janet Gonzabay**  
Country: **Ecuador**  
Institution: **Banco Solidario**

Ms. Janet Gonzabay is originally from Guayaquil, Ecuador and has always been dedicated to micro-entrepreneurial activities. Initially, she owned a mom-and-pop store, but during the 2015-2016 local crisis, sales declined and she decided to close it. Later, to capitalize on her husband's knowledge as a mason, she opened a hardware store. Her husband is in charge of advising the clients, while her son, Jiordy, manages the inventory and her daughter, Janet, is in charge of sales.

Ms. Gonzabay met Banco Solidario more than 12 years ago, when executives from a branch in the south of the city visited her in her old business and she obtained a micro-loan (initial amount of USD 2,000), which she used to buy merchandise for the store. Currently, she has an 18-month loan of USD 6,000, which has financed inventory for her hardware store. Although the construction sector was stagnant a couple of years ago, Ms. Gonzabay finds that there is always demand for materials to make home improvements, especially during the rainy season. On average, the store has daily sales of around USD 150-200. Ms. Gonzabay and her family hope to expand their business and offer a wider variety of products. They are pleased that they have been able to generate an income that meets their needs, and allows them to save a small amount.



Box 3.1: Client story - Ms. Altantuya - Khan Bank

### » Facilitating Access to Finance Through Customer-Centric Products «



Name: **Mr. Menzi Jabulani**  
Country: **South Africa**  
Location: **Johannesburg**



Mr. Menzi Jabulani Ntshangase, was born and raised in the township of Alexandra in Johannesburg and works in the minibus taxi industry. His father was a taxi driver, and he hopes he can create a legacy for his son to continue working in this industry. He knew having his own business would most likely improve his livelihood and that of his family. Mr. Menzi attempted to get a loan through a bank but his loan application was refused. He decided to try his luck and applied for a loan with SA Taxi in 2013. Unlike other financial institutions, SA Taxi offered him a tailor-made financing solution for his taxi business and Mr. Menzi was finally able to launch his endeavor. For the past six years, he has been a client of SA Taxi, and he currently has multiple taxis, hiring six taxi drivers and two mechanics thanks to his flourishing business. In 2014, Mr. Menzi was serving as the Chairman of the Alexandra Taxi Association, which aims to ensure the safety of commuters while providing them with an accessible and affordable means of transport. Today, he is still an active member, and together with other members of the association, Mr. Menzi is working to transition the taxi industry from the informal to the formal sector, such that the rights and safety of taxi drivers, owners and commuters alike are protected.

# Investment themes - contribution to the SDGs

In this section we highlight SEB Impact Opportunities Fund's contributions to the SDGs through different investment themes focusing on MSME finance, food and agriculture, education, and climate and energy.

## MSME Finance

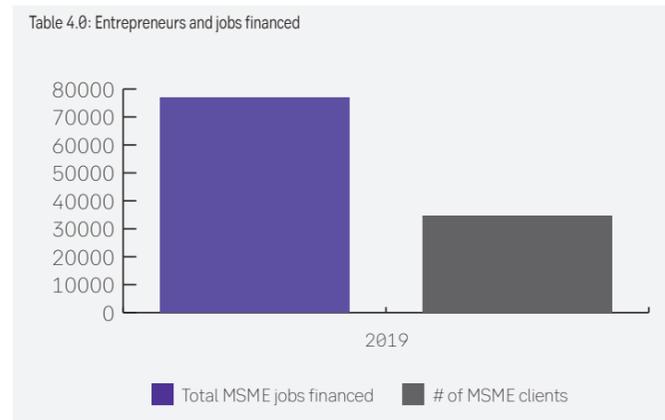
The largest portion of SEB Impact's portfolio is invested in financial institutions that specialize in MSME finance (80% of total portfolio outstanding; (Table 4.0), supporting MSME growth in emerging and frontier markets. By doing that, the fund contributes to SDG 1, No Poverty and SDG 8, Decent Work and Economic Growth.



MSMEs play an extremely important role for economic development in most countries and in particularly developing economies where formal MSMEs contribute to around 40% of GDP and creates 7 out of 10 jobs making the sector crucial for job creation and growth.<sup>3</sup> Adding informal MSMEs, those numbers would be even higher.

Access to finance is a key constraint to MSME growth and IFC estimates that the sector has an unmet financing need of USD 5.2 trillion every year which is equivalent to 1.4 times the current level of global MSME lending. The needs vary considerable between regions but still half of formal SMEs don't have access to formal credit. Instead they rely on internal funds, cash from friends and family or informal money lenders which could be dangerous and generally on really bad terms. Again, if adding informal MSMEs, that gap would be even higher.

We estimate that the fund is supporting 76,899 jobs through the 35,991 MSMEs it is financing. To arrive at this number, we assume that each microenterprise employs two workers, and that each SME employs nine workers. Supporting jobs through MSMEs shows the fund's contribution to SDG 8, which focuses on entrepreneurship and job creation.



<sup>3</sup> World Bank

Box 4.0: Client story - Ms. Altantuya - Khan Bank

## » Contributing to the Development of Women-Owned Businesses in Mongolia «



Name: **Ms. Altantuya**  
Country: **Mongolia**  
Institution: **Khan Bank**

Altantuya is a 36-year old pharmacist. Back in 2006, she left her home province of Selenge with her husband and could not find a job in their new district. Instead of applying for a position outside of her specialization in pharmaceutical sciences, she decided to try her luck and start her own business. Since its opening, "Aziin Tuun," which remains the only pharmacy in Batsumber, has been serving clients from the whole province. Today, activities have flourished so much that Altantuya employs nine people, among which six are women. In total, Altantuya has taken out ten loans from Khan Bank, for a total amount of 96.4 million Mongolian Tughrig (USD 34,000). The last loan allowed her buy the whole building, and even open a successful restaurant next to her pharmacy. She has no outstanding debt for the moment, but thanks to her stable business and the special terms offered by Khan Bank she is now planning to open a service center in the near future.



## Food and agriculture

Small-scale food producers represent between 40% and 85% of all food producers in developing countries. Due to a variety of factors, such as a lower level of education and lack of access to financing services productivity is lower compared to large food producers. This also makes them less resilient to unpredictable weather conditions. The fund supports smallholder farmers, sustainable agricultural practices and different actors across the agricultural value chain with 9% of investees having more than 50% of their portfolio in agriculture.

Investees specialised in agriculture develop products that are tailored to the needs of their customers, such as financing drip irrigation systems (Box 5.0), adapt repayment schedules in line with harvesting seasons as well as providing training to farmers. Cargills Foods (distinct from Cargill) owns and operates Food City, Sri Lanka's largest private retail chain. It sources products from over 10,000 Sri Lankan farmers, and employs 5,800 people across its network.



Cargills Bank was launched in 2011 and aims to foster financial inclusion through offering financial services at its various supermarket chains. It also finances the agricultural value chain through extending loans to dairy collection centers, maize farmers, tea distributors & rice producers. Mr. Roshan Perera, a client of Cargills in Sri Lanka, provides a good illustration of how agricultural entrepreneurs are able to use financial products to improve the working conditions and livelihood of their employees

Box 5.0: Client story - Mr. Roshan Perera - Cargills, Sri Lanka



## » Supporting business growth and local farmers in Sri Lanka «

Name: **Mr. Roshan Perera**  
Country: **Sri Lanka**  
Institution: **Cargills**

Mr. Roshan Perera is a second-generation entrepreneur from Colombo, Sri Lanka. He was previously managing the family business, a ceramic toy manufacturer. However, his entrepreneurial spirit and the urge to revive traditional Sri Lankan rice drove him to launch his own company in 2015, 'Grains n Green'. The main activities of the business are to source, polish, pack and sell traditional and healthier (gluten-free and low GI) rice varieties across Sri Lanka. He sources his grains from local farmers situated in former war-ravaged areas in the North and East of Sri Lanka.

To continue growing his business, Mr. Perera approached Cargills and requested a loan. This loan allowed him to receive upfront cash on sales instead of waiting 60 to 90 days to receive the money from the supermarket chains he supplies for. This frees working capital to start the next cycle of procuring rice and pay the local farmers in time for the next harvest, reducing farmers' need to borrow informally. Consequently, farmers can sustain their livelihood without increasing their indebtedness. Mr. Perera aims to increase the number of farmers he sources from to 1,500 in 2020 and 2,000 farmers by 2024 as well as to continue expanding the land for sustainable traditional rice cultivation.



## Box 6.0: NAFA

Institution: **NAFA**  
SEB Impact loan amount: **USD 1,522,563**

Agriculture accounts for 80% of freshwater usage in India. Of the 141 million hectares of arable land, 48% is estimated to be irrigated, out of which merely 14% is covered by drip irrigation, a resource-efficient system which places the water and nutrients directly at the plants' roots. Unirrigated land remains dependent on rainfall, notably the monsoons, which are being seriously affected by climate change. Tackling the challenge of feeding a growing population with limited and unstable resources, Netafim Agricultural Financing Agency (NAFA) offers financial and technical assistance to small farmers installing smart micro-irrigation systems. More concretely, this financial institution lends to individuals or groups of cultivators so that they can buy drip irrigation equipment manufactured by Netafim Ltd., the world's leading drip irrigation company, which NAFA is a subsidiary of. The structure of repayment is adjusted to farmers' crop duration and cycles. Without such help, most of them would not be able to provide a lump sum payment to buy and install drip irrigation systems. NAFA's education campaigns have also helped raise awareness about the efficiency of drip irrigation technologies, which remain rare in remote rural areas. Farmers who adopt Netafim's products benefit from higher and better-quality yields, while consuming about 40% less water and fertilizers than before. This higher productivity directly contributes to reducing rural poverty in the country. On aggregate, NAFA has served more than 54,000 farmers since starting its operations in 2013, equipping 53,000 hectares of land and saving more than 42 million liters of water.

### » Increasing Small-Scale Farmers' Productivity in Rural India through Access to Drip Irrigation «

**5,857 farmers**  
financed  
(December 2019)



## Education

Education is critical for income-generation opportunities and participation in the formal labor market and even more crucial for women and girls. Progress towards inclusive and equitable quality education has been slow with millions of children and young people still out of school, especially in low- and middle-income countries. Not only that, but more than half of students in schools do not receive quality education; they seldom meet the minimum proficiency standards in reading and numeracy. The fund aims to improve access to quality, affordable education in emerging and frontier markets (3% of portfolio outstanding) through its investments and hence contribute to SDG 4 Quality Education.



In 2019, the fund partnered with Varthana, a financial institution that offers financial products as well as advisory services to schools in India. Through this investment, the fund facilitates access to education to children in India and improves educational infrastructure.

## Box 6.1: Varthana

### » Contributing to the Improvement of Private Education in India «

Institution: **Varthana**  
SEB Impact loan amount: **USD 1,503,938**

Varthana is a financial institution located in Bengaluru, India and established in 2012. Demand for private education in India is on the rise as parents are seeking better quality education than the government is currently providing. This is reflected in the growing number of low-cost private schools, estimated at over 400,000. To contribute to the country's need for quality education, Varthana offers financial products and advisory services to private school owners, aiming to enhance both the physical infrastructure of schools and the teaching approach. Among the financial products offered are loans designed for schools to acquire lab equipment, classroom furniture, smart classes, CCTV installations and overall infrastructure enhancement. In terms of advisory services, Varthana has a clear objective to improve student and teacher performance as well as the improvement of school ratings. To accomplish this, the institution has different programs such as the Integrated School Accelerator Program (ISAP). ISAP is tailor-made to the needs and features of each school. Each program is developed through a comprehensive analysis of the school's financial and managerial performance to identify areas of opportunity and the efficient use of resources. At present, Varthana works with schools in 28 locations, providing loans to more than 3,500 schools and reaching 2.5 million children across India.

**3,680 schools** financed  
(December 2019)

**617 student** loans  
(December 2019)

**3,755,258 students**  
impacted from school  
loans since inception



## Climate and Energy

SEB Impact supports institutions and businesses that provide access to affordable, reliable and sustainable energy services to their customers (5% of portfolio outstanding). Doing that SEB Impact contributes to SDG 7, Affordable and Clean energy and 13, Climate Action.



Over one billion people lack access to electricity while another 1 billion have unreliable supply. For many of these people and entrepreneurs, off grid energy like solar home systems and mini-grids will play an important role. One large benefit with these types of systems is that they are decentralized and consequently project development activities occur locally and job creation is localized. These are segments SEB Impact Opportunity Fund will continue to target.

The obvious advantage of renewable energy is the reduction of CO<sub>2</sub> emissions since renewable energy produce little or no air pollution.

However, the socio-economic benefits from renewable energy plays an equally important role in fighting poverty and improve people's way of living. For the approximately 2.9 billion people in the world who still rely on polluting fuels like kerosene, wood, and charcoal for cooking, heating and lightning, cleaner options like solar is a great advantage both economically<sup>5</sup> but also from a health perspective as air pollution is a major threat to children's health and their lives<sup>6</sup>. Kerosene lamps are not only toxic and unsafe causing fire relating accidents, they provide poor light after dark. A better quality of light improves children's learning environment as they can study longer hours. Many hours spent on collecting woods and inefficient cooking can be spent on income generating work instead improving family's welfare<sup>7</sup>.

Moreover, charcoal production is one of the main drivers of deforestation which have a big impact on global warming.<sup>8</sup>

The fund aims to combat climate change through its investments in innovative financial products that provide clean energy, such as Greenlight Planet Group (Box 7.0).

## Box 7.0: Greenlight Planet Group

### » Solar Home Systems for Households in 60 Emerging Markets «

Institution: **Greenlight Planet Group**  
SEB Impact loan amount: **USD 1,000,000**

Founded in 2009, Greenlight Planet Group's main mission is to deliver affordable energy to off-grid families through products designed to meet their daily energy needs. The company designs, distributes and finances solar home energy targeting under-served populations. Currently, Greenlight Planet provides solar-energy products to more than 26 million consumers located in rural areas in more than 60 countries throughout South Asia and Sub-Saharan Africa. Their products vary from small solar-lanterns to solar home systems designed to provide lighting to a whole house, charge phones and a radio. These products can be acquired by the customer through loans lasting from 9 to 12 months with daily payments of 35 to 60 cents.



Key indicators (since inception, est.):

**12,373,121 units** financed

**35.76 MW capacity** of renewable energy installed

**13.2 million metric tons** of CO<sub>2</sub> emissions avoided

<sup>5</sup> RENA, International Renewable Energy Agency

<sup>6</sup> WHO, *Air Pollution and Child Health*, 2018

<sup>7</sup> GOGLA, *Powering Opportunity Report*

<sup>8</sup> WHO, *The effects of deforestation*

# Sustainable finance

## Box 8.0: Symbiotics' ESG Rating

Symbiotic's ESG rating assesses the likelihood of a financial institution to contribute positively to sustainable development and social impact. It has been applied systematically to all investment decisions since 2010. The rating is conducted during the due diligence process for a financial institution pre-investment, and on an annual basis afterwards. The rating methodology includes seven dimensions, consisting of 98 qualitative and quantitative indicators. All the indicators are compiled into a weighted aggregated score that grades the institutions from 0 stars (lowest) to 5 stars (highest). The seven dimensions of the rating are:

**1. Social governance:** looking at the social orientation of shareholders as well as the financial institution's stated and effective commitment to its social mission, its target market and development objectives/stakeholders' needs.

**2. Labour climate:** assessing policies regarding social responsibility to staff, looking at human resources policy, systems to monitor employee satisfaction and staff turnover rate, as a measure of staff satisfaction.

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

**4. Client protection:** looking at whether clients are treated in a fair and transparent way and if the negative impacts that affect

them (notably over-indebtedness) are avoided as much as possible. These indicators are linked to the Smart Campaign for Client Protection in Microfinance.

**5. Product quality:** looking at a financial institution's marketing strategy and activities, as well as the diversity and quality of its financial and non-financial products and services.

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

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

## Box 8.1: Exclusion list

### Exclusion lists

In an effort to ensure that the fund does not cause any social or environmental harm, and in line with responsible investment practices, we apply an exclusion list to all the fund's investments, preventing financial institutions from investing in the following activities:

- Alcohol, drugs, tobacco
- Asbestos fiber, cement
- Drift net fishing
- Forced and child labor
- Gambling, casinos
- Hazardous chemicals
- Land grab and infringement on indigenous people's rights
- Radioactive material
- Weapons, munition
- Wildlife protocols



# This is SEB

SEB is a leading Nordic financial services group with a strong belief that entrepreneurial minds and innovative companies are key in creating a better world. Our vision is to deliver world-class service to our customers. We assist 2,000 large corporations, 1,100 financial institutions, 272,000 small and medium-sized companies and 1,4 million private full-service customers with advice and financial solutions.

In Sweden and the Baltic countries, we offer comprehensive financial advice and a wide range of financial services. In Denmark, Finland, Norway, Germany and the United Kingdom, we have a strong focus on a full-service offering to large corporate and institutional customers.

The international scope of the operations is reflected in SEB's presence in some 20 countries with 15,000 employees.

We have a long-term perspective in all of our operations and contribute to the development of markets and communities.

## Head office

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