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BlueOrchard
Impact Investment Managers

Social Performance Report

Investing in our Future: Contributing to the Sustainable Development Goals

"This year, we can make history by adopting an ambitious sustainable development agenda and a universal climate agreement. But without the right financing and the right policies, we cannot achieve our ambitions."

Former UN Secretary General Ban Ki-Moon at the UN "Financing for Development" conference in Addis Ababa in 2015

INVESTING IN OUR FUTURE

Dr. Patrick Scheurle
Chief Executive Officer

Lisa Sherk
Head of Social Performance Management

The 17 Sustainable Development Goals, adopted by the United Nations General Assembly in September 2015, were announced as "a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity." They represent interrelated goals that seek to tackle the main challenges that we face as we work to make our world sustainable, prosperous and equitable for our children and future generations.

As impact investors, we seek attractive investments that have an intentional, positive social and environmental impact across a variety of sectors and target markets. As such, the Sustainable Development Goals (SDGs) provide an excellent framework for looking at our activities and those of our investees. In this Annual Social Performance Report, we explore how our investments address the SDGs, and how we work together with our investees to respond to this critical "call to action."

With our investments currently focused principally on inclusive finance, climate change and education, some of the SDGs – Decent Work and Economic Growth, Reduced Inequalities, No Poverty, Gender Equality, Quality Education, Climate Action, to name a few – are more directly relevant than others. But given the interrelated nature of the SDGs and in looking as well at not just what the companies we finance do, but how they do it, we find that nearly all the SDGs are in some way addressed by our work.

Looking at our activities through this lens provides useful information to our investors about where their money is going, and also helps us to focus on areas to promote, facilitate and support greater progress in meeting the ambitious targets that the SDGs have laid out for us all. On behalf of the entire BlueOrchard team, we thank you for your interest in our work and hope that you enjoy this publication.

Warm regards,

Patrick Scheurle

As impact investors, our main focus is on providing opportunities to low income groups globally to escape poverty. As such, SDG 1 is one of the most directly relevant goals to our work. Microfinance, for instance, was developed as a tool to fight poverty, providing opportunities for the working poor to improve their livelihoods through access to financial services. While inclusive finance also involves providing financial services to the vulnerable non-poor and others, like small and medium-sized enterprises (SMEs), that have been unserved by mainstream financial institutions, providing the means for millions to lift themselves out of poverty is still the core objective of many microfinance institutions (MFIs).

The Progress out of Poverty Index (PPI) is a tool used by many of these institutions to measure the poverty level of their clients. It is used both as an assessment tool to validate that the institution is in fact reaching its target clientele and, when used over successive periods, can also show the progress that the client and his/her family has made in moving out of poverty.

LOLC Cambodia, an investee in BlueOrchard managed funds, systematically uses the PPI tool in assessment of its clients to define those who are “Very poor” (defined as those living under the national poverty line, equal to approximately USD 1.50 per day), “Poor” (those living below 1.5X the national poverty line), “Low-income” (those living on less than USD 5 per day) and “Non-poor” (those living on more than USD 5 per day). According to these definitions, as of 31 December 2016, 36 % of LOLC Cambodia’s clients were “Very poor” or “Poor,” with another 51 % in the Low Income group. In late 2016 BlueOrchard began a pilot outcomes project with LOLC Cambodia to assess the change in client incomes and expenditures over time (see also “SDG 2: Zero Hunger” for another participant in this project, SEF Armenia). With a sample of 1,546 clients, tracked over one 12-month loan cycle, the preliminary results showed an increase in average gross income of 8 % over the period under review. Together with LOLC Cambodia, we look to continue to follow the progress of these clients over successive loan cycles, while the MFI is also performing a monitoring on the PPI measurements for a random sample of clients to assess their progress over time.

Target 2.3 under SDG 2 highlights the importance of small-scale food producers in building sustainable food production systems and resilient agricultural practices to meet the needs of the world's growing population. While the prevalence of hunger has declined, more than 790 million people worldwide still live with inadequate access to food. To address this critical challenge, this target aims to double the agricultural productivity and incomes of small-scale food producers and points to the importance of access to financial services to help reach this goal.

Almost half of BlueOrchard investees currently have more than 20 % of their portfolios in agricultural lending, with an aggregate amount of USD 5.4 billion lent out in financing to this sector. The vast majority of these loans are to small-scale producers such as the client shown above, Ms. Suweeja, a mushroom farmer in central Sri Lanka. Ms. Suweeja is a client of the microfinance institution **Vision Fund Lanka,** an affiliate of Vision Fund International, which has nearly 50 % of its portfolio in the agricultural sector. Through cooperation with World Vision Lanka, Vision Fund Lanka provides technical know-how and skills development training for farmers to improve their productivity.

SEF International of Armenia, another Vision Fund International affiliate, has more than 60 % of its USD 24 million portfolio dedicated to lending in the agricultural sector. SEF is a long-standing client of BlueOrchard's and since late 2016, we have been working together on a pilot outcomes project to measure the changes in client incomes over time (see also "SDG 1: No Poverty" for another participant in this project, LOLC Cambodia). Preliminary results showed that for a random sample of 225 clients, gross income increased by an average 24 % over a two-year period, with business assets growing by 18 %. We look forward to continuing to follow the progress of SEF's clients, and contributing to the doubling of income targeted by SDG 2.

CONTRIBUTING TO MULTIPLE GOALS

It is important to note that the investees highlighted in each of the sections of this report typically contribute to many different SDGs. As an example, SEF Armenia is included under SDG 2, Zero Hunger, due to its extensive outreach to small scale agricultural producers. But this institution also works towards the achievement of many other goals: With respect to SDG 1, No Poverty, for instance, more than 76 % of SEF's clientele are located in the poorest regions of Armenia; through a specific affordable education loan product it contributes to SDG 4, Quality Education; while its housing and home improvement loans help to achieve SDG 11, Sustainable Cities and Communities, SDG 6, Clean Water & Sanitation, and SDG 7, Affordable and Clean Energy. The institution's Social and Environmental Management System, the strength of which was highlighted in SEF's 5-star GIIRS (Global Impact Investing Ratings System) "Impact Operations" rating addresses many of the components of other SDGs as well.

Contributions to the health and well-being of clients are made by BlueOrchard investees in various ways. Some provide loans specifically to finance healthcare needs of their clients; some have non-financial services that include access to health clinics and treatments and/or linkages with organizations that offer such services; and others, like the institution profiled below, provide health insurance to clients. In addition, the provision of "green loans" outlined in the sections on SDGs 6 and 7 have important positive impacts on the health of clients through clean energy and improved sanitation.

The Ecuadorian MFI **Insotec** has distributed healthcare microinsurance to its clients since 2013. The use of medical services by clients surpassed management's initial expectations and in 2016 it negotiated with other medical providers to include additional services such as hospitalization in private and public clinics, and more recently, oncology insurance that covers costs of diagnosis, staging, follow-up and transportation as needed. Insotec also arranges monthly health campaigns – "Jornadas de Salud" – in cooperation with local public and private health providers (see picture below). During 2016, 21 such campaigns were held across Insotec branches, open to clients and non-clients alike and aimed at vulnerable populations. More than 3,200 people, half of whom were children, benefited from these services over the year.

Public funding alone in many developing countries is insufficient to provide the breadth and the quality of education services needed to reach the ambitious goals laid out in SDG 4: Quality Education. In many regions of the developing world, low cost private schools have been identified as a key means to provide the necessary educational services to the population. BlueOrchard manages the **Regional Education Finance Fund for Africa ("REFFA"),** a tailored mandate with the objective to support the development of private education providers in Africa as well as students and their families by funding local financial intermediaries. REFFA also provides technical assistance to help such institutions develop suitable education finance products, or improve those that already exist.

One of the investees in this fund is Finca Tanzania, which began building up its education portfolio in Q4 2015. **Finca Tanzania** includes three distinct products in its education portfolio: Loans to schools, including institutions involved in nursery, primary, secondary, tertiary, vocational and/or technical education and training; Loans to micro-entrepreneurs who are parents of students, for the payment of their school fees; and a savings product for clients to save for making such payments. Finca has the target to grow its education portfolio to USD 1.9 million by the end of 2019 and has plans for a research study, beginning in June 2017, on the impact of these loans on the quality of education and lives of the students.

5 GENDER EQUALITY

Women's empowerment is a central objective of many impact programs and projects. In inclusive finance, for instance, providing financial opportunity and independence to women is seen as a powerful tool to promote greater gender equality. On average, nearly 60% of the clients of BlueOrchard's investees are women, and for a quarter of our investees, more than 80 % of clientele are female.

"Nearly 60 % of the clients of BlueOrchard's investees are women."

The **Japan ASEAN Women Empowerment Fund ("JAWEF")** managed by BlueOrchard since Q3 2016, targets its investments in MFIs predominantly serving female clients. One of its investees is the Vietnamese MFI **TYM, Tinh Thuong One Member Limited Liability Microfinance Institution.** Founded more than 25 years ago by the Vietnam Women's Union, TYM furthers women's empowerment by positively promoting women's decision-making power and enhancing their overall socio-economic status. TYM's Board of Directors is comprised solely by women, all members and clients of TYM are female and 90 % of TYM's staff is female. An organization owned and run by women, TYM is the leading MFI in Vietnam, currently reaching more than 130,000 clients nationwide with a gross loan portfolio of more than USD 45 million and client savings accounts in excess of USD 30 million.

In addition to loans and savings products, TYM also provides its clients with membership in its Mutual Family Assistance Fund: For a contribution of VND 1,000 or USD 0.05/week to this fund, members receive life insurance and hospitalization coverage benefits. TYM also provides scholarships for children of poor members, subsidized houses to members living under the poverty line, and organizes medical examinations and the free provision of medicines in poor regions.

 # *This is my story:* My name is Maria Galacia, I am 42 years old and I live in La Esperanza, Quetzaltenango in Guatemala. I own a party supplies store for kids.

In 2009, I started to participate in FUNDAP *(a microfinance NGO in Guatemala that has been a long-term borrower of BlueOrchard-managed funds)* as a member of the village bank "Mujeres de la Esperanza", where I had the opportunity to receive loans to support my business. Through my participation in the village bank, I got involved in the MBA program *(a business development service provided by FUNDAP)* and I started to participate actively beginning in 2014. At the time of my first loan, I sold jewelry, but I wanted to look for different opportunities and I started to make piñatas and all types of amenities for birthday parties for kids. The business started small, but now I am the owner of a store in the center of La Esperanza called "Piñateria Jime". With the knowledge I received in the MBA program I have learned to manage my income and expenses as well as how to invest the loans I received form FUNDAP. I am a very enterprising woman and I am now participating in the second year of the MBA Business School "Emprendiendo Juntos."

In previous Social Performance Reports, we have highlighted the increasing trend of our investees in offering so-called "green loans" to clients that are specifically earmarked towards the purchase of products that use environmentally friendly sources of energy, including solar panels, biodigesters and similar devices, as well as clean water and sanitation loans. Indeed, providing access to green products through MFIs has clear and wide-ranging benefits – not only do they promote environmental protection, but as cost-effective energy sources, they also provide critically needed affordable energy access for low income groups.

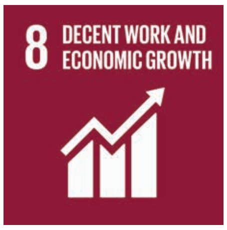
The health benefits of using green products are another key impact. For clean water and sanitation loans, the benefits are obvious, but they are also evident for clean energy: In rural India, for example, 80–90 % of home energy use is from non-renewable biomass, typically burned in inefficient stoves that emit dangerous air pollutants. Using cleaner energy sources can have important impacts on the health of households and communities alike.

Currently, nearly one quarter of all investees in BlueOrchard managed funds provide some form of specialized "green loan" products, while another 20 % have projects in the planning or pilot phase.

In addition the **Microfinance Initiative for Asia – Debt Fund ("MIFA")** managed by BlueOrchard, has created a specific allocation in the fund for Renewable Energy and Energy Efficient (RE/EE) loans. In a first phase, several MFIs in India were assessed for their capacity to further develop existing loan projects and create new credit lines with products ranging from e-rickshaws, a range of solar products – lamps, fans, refrigerators and water pumps – prefabricated biogas plants and efficient cookstoves. Results from the study have shown that there is a vibrant, diverse market for RE/EE technologies and large unmet demand among the target client MFIs. Funding for these projects is slated to begin in Q3 2017.

CAC Fondesurco in Peru was an early provider of green loans, and launched its FondoEnergia loans back in 2011.

Electric-powered "e-Rickshaws" are increasingly popular in India as an efficient, affordable and ecologically sound alternative to both petrol/diesel-powered and manually pulled rickshaws.

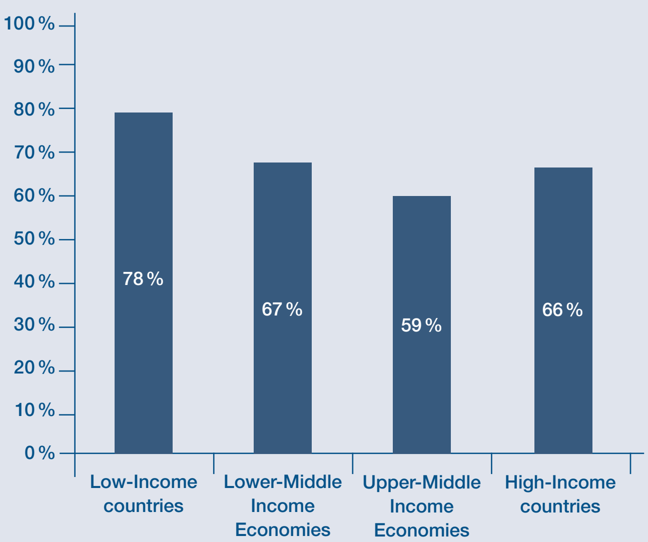


BlueOrchard's Chairman of the Board, Peter A. Fanconi, visiting an end-client in Cambodia in 2016.

"This is the core of BlueOrchard's activities."

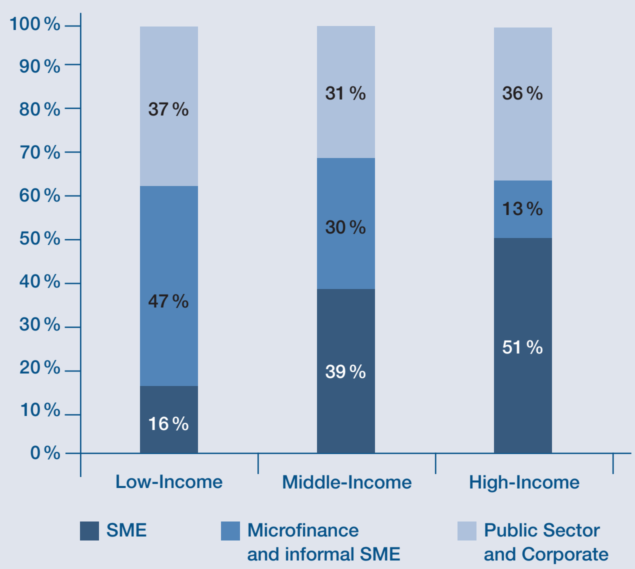
A 2011 study by the World Bank showed that SMEs contributed an impressive 78 % of new jobs in low income countries, revealing the powerful role that such enterprises have in providing gainful employment in the developing world. Not surprisingly, therefore, SDG 8 sets out specific targets related to strengthening the micro and SME sectors (together "MSMEs") in order to meet employment and economic growth goals. Target 8.3, in particular, is to "Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services." This is the core of BlueOrchard's activities.

Employment Contribution by SMEs



Source: "Small vs. Young Firms across the World: Contribution to Job Creation, Employment, and Growth", World Bank 2011

Contribution to GDP



Source "IFC SME Banking Knowledge Guide 2010"; "informal SMEs" are small, usually family run businesses that are not formally registered as businesses

KHAN BANK

BlueOrchard investee **Khan Bank** in Mongolia is the largest provider of micro and SME loans in the country. One of the bank's SME borrowers produces felt roofs and wool lattices for Mongolian portable nomadic round tents (gers). Begun as a family business in 2005, this enterprise currently employs eight workers, assisted by working capital and investment loans from Khan Bank since 2012. The owner of the business, Ms. Ayurzana Yondonbizya, is featured below in "# This is my story."

 # *This is my story:* My name is Ayurzana Yondonbizya and I live with my family in the outskirts of Ulaanbaatar, Uliastai area. My business produces felt roofs and surroundings of lattice from wool for Mongolian portable nomadic round tents (gers). I started production in 2005 as a family business with my husband and now the company has eight workers who are scheduled in two shifts of four people.

In March 2012, I first borrowed an investment loan of MNT 12.6 million (~ USD 5,200) from Khan Bank to build the first floor of my workshop. After repaying this loan, I took out a second loan for MNT 28 million (~USD 11,600) to build the second floor and to buy a new wool carding machine to expand the business. I have also received working capital loans from Khan Bank to buy washed woolen wastes from carpet factories, which are recycled as raw material for the business, as well unwashed wools from the market.
Around 43 % of Ulaanbaatar's population lives in gers, and the city is one of the coldest capital cities in the world. It presents an opportunity for my business as many people buy woolen felts during the winter-time to stay warm. In addition, woolen felts are keenly sought after during such special celebrations as weddings and naadam (a traditional Mongolian festival held every summer). I also provide products for the General Authority of Emergency, a state agency, which donates gers to the homeless victims of fire and flood disasters.

SDG 9 highlights the critical role of MSMEs in industry and innovation in the developing world and importance of supporting the growth of such enterprises. But it also highlights the challenges in doing so, including what is estimated to be a global credit gap of USD 3.2–3.9 trillion in financing for enterprises with 5–99 employees. In the developing world specifically, it is estimated that 45–55 % of all small and medium enterprises are unserved or underserved by financial services. Target 9.3 is therefore to "Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets."

The main objective of BlueOrchard and its investees is precisely to attain the first part of this target: Provide access to finance for MSMEs to expand their opportunities. There are also many of our investees that work actively on the second element as well: Supporting business by actively providing access to value chains and greater integration in the marketplace.

The activities of the Bolivian MFI, **Idepro**, provide an excellent example of working towards such integration. In 2002, the Bolivian government started a public policy to support the development of 14 productive chains. Over the next three years, with the support of the InterAmerican Development Bank (IADB), Idepro developed a strategy to serve those segments. Its productive chains financing product, "Procadenas", now comprises nearly one third of its portfolio. Productive chain financing initially focused specifically in the agro-forestry sector, including quinoa, grapes, castaña and forestry products. In 2016, it was expanded to cover additional sectors, such as textiles, construction and transport. Through the Procadenas product, the MFI identifies borrowers at various stages along the production chain, provides borrowers the opportunity to make contact with suppliers and clients within their business sector and offers technical assistance to help them to further develop their businesses.

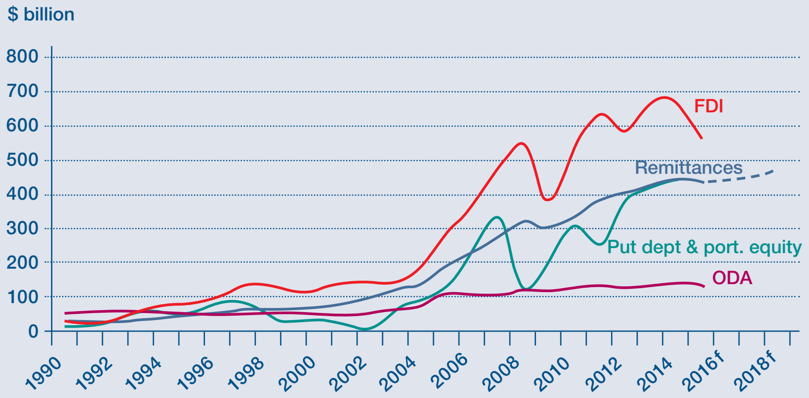
Providing access to services for low income groups is fundamentally about promoting equal opportunities for all, and by extension, reducing inequalities globally. As such, BlueOrchard's investment activities fit squarely within the objectives of SDG 10 to reduce inequalities both within and among countries.

One specific target within this SDG relates to reducing the cost for migrants working in developed countries to send money back to their families in developing countries. It is estimated that 250 million migrants sent around USD 450 billion in remittances to developing countries in 2016. As shown in the graphic below, remittances to developing countries are greater than public overseas development assistance funds (ODA) and more stable than other private capital flows.

Target 10.C of the SDGs relates to reducing the cost of such transfers to less than 3 per cent the transaction costs of migrant remittances. Many BlueOrchard investees provide remittances services to their clients who have relatives working in foreign countries. This is a particularly important service in countries such as Tajikistan, where remittances equal roughly half of GDP annually. BlueOrchard investee **Eskhata Bank** processes nearly half of the remittances flow in Tajikistan, serving 1.1 million clients, across 320 service points located in 46 cities and regions nationwide. And the costs of such services, at 0.4 % of the amount transferred, is well below the maximum target of SDG 10.C, providing a cost-effective means for migrant workers abroad to send money home to their families.

BANK ESKHATA

Remittances to developing countries



Source: World Bank http://blogs.worldbank.org/peoplemove/trends-remittances-2016-new-normal-slow-growth

As reported by the UNDP, more than 880 million people were living in slums in 2014 globally, not including those in inadequate or affordable housing. With the rapid pace of urbanization in the developing world, pressure to provide adequate living conditions is only intensifying. The first target identified under SDG 11 therefore relates to safe and affordable housing, particularly for the world's poor urban population. Nearly half of the investees in BlueOrchard portfolios provide housing and home improvement loans, with many of these products designed to improve the quality of urban dwellings. In total, the housing portfolio of BlueOrchard investees totaled more than USD 3 billion as of 31 March 2017. One of these investees, **ENDA Tamweel** in Tunisia, has been offering housing loans since 2007 through its loan product "Darna," and has disbursed more than USD 50 million in such loans to date to 100,000 recipients. Darna loans were designed specifically with the objective of improving the living conditions, particularly with respect to health and hygiene, of vulnerable families. As such, 88 % of the borrowers of such loans live on less than USD 2.50 per day, while 42 % live in "high vulnerability" areas. The uses of the loans have been as follows: 49 % for renovations & refurbishments – often related to the installation of indoor plumbing and/or electricity connections – 27 % for repairs, and 24 % for building and extensions. Note that for its commitment and excellent work in providing these and other services, ENDA is the first microfinance institution to receive a maximum score of 5 in a recent social rating by MicroRate. One of ENDA's clients is Ms. Mabrouka Ayari, pictured below together with her granddaughter. Ms. Ayari has a Darna loan of USD 4,500 that she used towards

"More than 880 million people were living in slums in 2014."

her home, where she lives with three of her daughters, her widowed daughter-in-law and two grandchildren.

During the third quarter of 2017, BlueOrchard plans to launch a fund designed specifically to address urban housing challenges in the Caucasus region. **The Caucasus Real Estate Fund ("CAREF")** will target investments aimed at improving the quality, energy efficiency and supply of commercial and residential real estate and public facilities. In addition, **a frontier and emerging markets impact bond fund** is to be launched during the same period, with investments in local companies active in the infrastructure and real estate sectors, among other areas.

SDG 12, which involves the sustainable use of natural resources, comes into play more in how BlueOrchard and its investees conduct their business as opposed to the specific activities we undertake as financial intermediaries. In this vein, BlueOrchard has an environmental policy that specifically covers issues related to resource use and recycling, as well as tools for assessing investees on their own environmental policies. As part of our standard assessment, we also review the environmental policies that potential investees have in place, and how they are effectively implemented.

BlueOrchard is also pleased to be a participant in a **project of the United Nations Conference on Trade and Development (UNCTAD) on integrating environmental, social and governance information in company reporting.** Together with representatives of the Global Reporting Initiative, Carbon Disclosure Program, the International Labor Organization, various global accounting associations and other organizations, BlueOrchard has been involved in developing accounting standards on Sustainability Reporting, target 12.6 of the SDGs. Specifically, this target is "to encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle."

FACING ENVIRONMENTAL CHALLENGES:

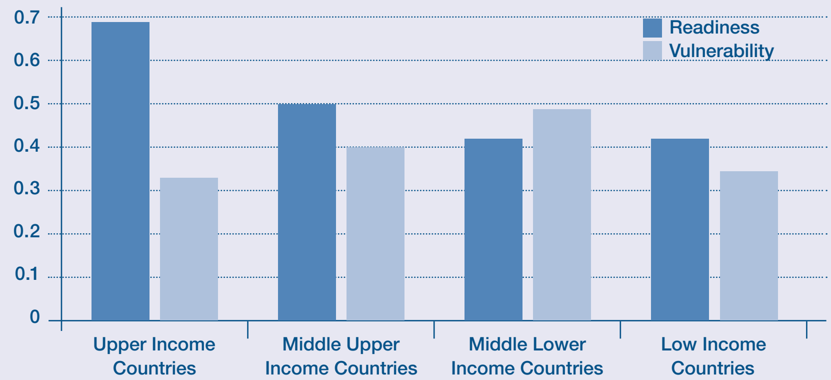
Environmental themes are present in almost all of the SDGs, underscoring their critical importance. Nearly half of the goals – SDGs 6, 7, 11, 12, 13, 14 and 15 – have environmental considerations as their primary focus. Furthermore, many of the other goals highlight the impact of ecological concerns and climate change. For example, SDG 1, "No Poverty," recognizes how climate change disproportionately effects poor populations and target 1.5 is, accordingly "to build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters." With respect to SDG 2, "Zero Hunger," there is the clear risk of the negative impacts of climate change and ecological degradation on producing a sustainable food supply, and target 2.5 is "to ensure sustainable food production systems … that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality."

In SDG 13, climate change is highlighted as the "single biggest threat to development." The importance of addressing this threat cannot be understated, and it has become imperative to take concrete and immediate action for the benefit of future generations.

BlueOrchard's activities related to climate action currently encompass two projects – the **InsuResilience Investment Fund ("IIF"),** created by the German development bank, KfW, and the **R20 Subnational Climate Solutions Initiative.**

Both initiatives address the fact that developing countries are both more vulnerable to and less able to cope with the threats posed by climate change, as shown in the graphic below. The mandate for IIF is to invest in companies that provide insurance or other related risk mitigation mechanisms to cope with the changes brought on by extreme weather in developing countries. It focuses specifically on reducing the vulnerability of MSMEs as well as low-income households. The R20 Subnational Climate Solutions Initiative, meanwhile, invests in projects in renewable energy, energy efficiency and waste management. Importantly, both initiatives also include a technical assistance component to support investees in their activities.

Notre Dame University Adaptation Initiative Scores, by Country Income Level, January 2017*



* *For the source and information on the methodology of the Notre Dame University Adaptation initative, see index.gain.org*

We have included in our lending procedures the requirement to include so-called “Exclusion Lists” that prohibit lending to particular borrowers that could cause harm to life below water and life on land, as well as those that have activities with other negative consequences – such as munitions production – or outright illegal activities, such as forced labor or child labor.

All BlueOrchard funds use an exclusion list based on that developed by the International Finance Corporation (IFC).[1] In our due diligence with investees, investment officers perform loan file reviews to check adherence to the exclusion list.

Assessing the strength and independence of our investees’ governance structures is a key element of BlueOrchard’s due diligence as we work to promote transparent, well-governed and strong organizations. In our financial strength assessment tool, the BlueOrchard Scorecard (“BOSCO”), corporate governance is assessed with respect to board independence, involvement and expertise, among other aspects. All investees must also have strict anti-corruption and anti-money laundering policies in place. Beyond the products and services that they provide, our investees therefore also help to promote transparency and good governance in the markets where they operate. As such, they help to work towards several targets in SDG 16, including targets 16.5 through 16.7, which relate to reducing corruption and bribery, developing effective, accountable and transparent institutions and ensuring responsive, inclusive, participatory and representative decision-making.

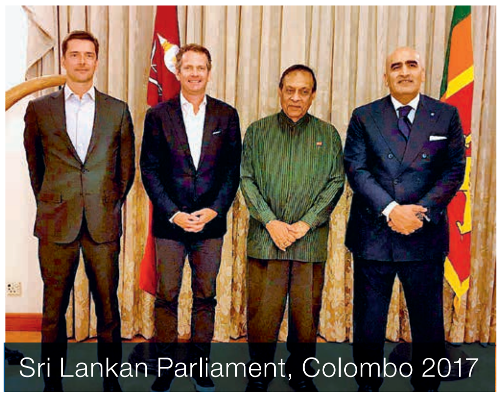
[1] International Finance Corporation, a member of the World Bank Group, focused on the private sector in developing countries

The ambitious targets contained in the Sustainable Development Goals require concerted and cooperative action across multiple stakeholders worldwide. BlueOrchard is proud to work with its many excellent partners in the private and public sectors, including more than 150 current investees, and the many institutions represented below. BlueOrchard's partnerships allow us to have greater development impact, through sharing knowledge and taking joint action in addressing key challenges.

We also endeavor to bring our partners together to share experiences and knowledge. Each year, BlueOrchard arranges field trips, bringing our investors to meet our investees and see first-hand the successes, challenges and opportunities in our work together. In 2016 and 2017, such trips were conducted in Armenia, Cambodia and Sri Lanka, with the participation of 35 investors. We also make contact with policy makers and regulators, as shown in photographs on the following page, advocating on behalf of the impact investing field and our investees.

Target 17.16
“Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.”

UNCTAD-Conference, Nairobi 2016


Sri Lankan Parliament, Colombo 2017


European Parliament, Brussels 2016


Cambodian Central Bank,
Phnom Penh 2016


Armenian Central Bank, Yerevan 2016

Austrian World Summit, Vienna 2017

SUMMARY OUTREACH INDICATORS

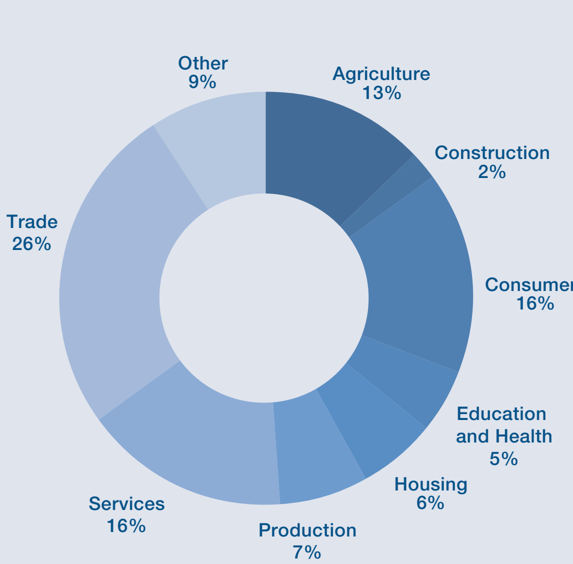
Funds managed by BlueOrchard make investments in senior and subordinated debt as well as equity in inclusive finance institutions and social enterprises throughout Africa and the Middle East, Asia, Eastern Europe and Latin America.

These funds include:
- The BlueOrchard Microfinance Fund ('BOMF')
- The InsuResilience Investment Fund ('IIF')
- The EMF Microfinance Fund ('EMF')
- The Japan ASEAN Women Empowerment Fund ('JAWEF')
- The Microfinance Enhancement Facility ('MEF') as co-manager
- The Microfinance Growth Facility ('MiGroF')
- The Microfinance Initiative for Asia – Debt Fund ('MIFA')
- The Regional Education Finance Fund for Africa ('REFFA')

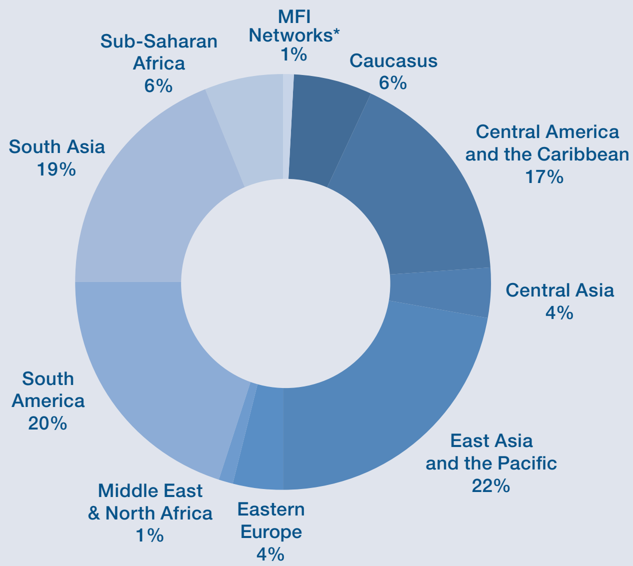
Social Performance data for MFIs in BlueOrchard-managed funds (as of 31 May 2017*):

Total # of borrowers served	28.4 million
Total # of savers served:	17.4 million
Total # of MFI employees:	185,462
% of MFIs' borrowers who are female**	
– Average % across MFIs	59 %
– As % of clients served by MFIs in aggregate	85 %
% of MFIs' borrowers who live in rural areas**	
– Average % across MFIs	45 %
– As % of clients served by MFIs in aggregate	41 %
% of MFIs with an exclusion policy on lending	99 %
% of MFIs with a social rating and/or audit	44 %
% of MFIs with SMART Certification and/or high rating on client protection in a social rating or audit	52 %
% of MFIs with a comprehensive environmental policy	59 %
% of MFIs offering or piloting green loan products	43 %

Activities Financed by MFIs



Regional Portfolio Breakdown



* Some data as of 31 December 2016; includes some estimates made by BlueOrchard.

** We include here two different calculations – the first refers to the average % female/rural clientele across the MFIs in the portfolio, while the second takes the number female/rural clients as a percentage of all individual clients reached across the MFIs. Because of some MFIs, particularly in South Asia, that both have a large absolute number of clients and serve predominantly women, there is a large difference between the results of these two calculations with respect to the % female clientele.

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In **“Small Money – Big Impact. Fighting Poverty with Microfinance”** the authors, Peter Fanconi and Patrick Scheurle, give insight into their experience with over 25 million microborrowers worldwide. By illustrating the mechanisms, considerations, data and strategies that drive the microloans and impact investing industry, they explain how this global trend is reshaping the traditional ways of investing. This book serves as a comprehensive and practice-oriented guide for making a social and environmental impact as well as receiving attractive and stable returns at the same time.

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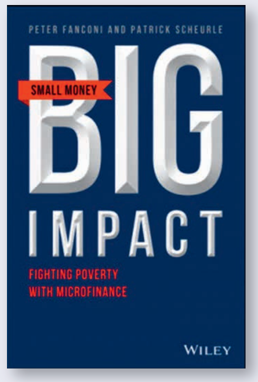

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