responsAbility Investments AG is one of the world’s leading asset managers in the field of development investments and offers professionally managed investment solutions to both private and institutional investors. The company supplies debt and equity financing to non-listed companies in emerging economies and developing countries. Through their activities, these companies help to meet the basic needs of broad sections of the population and to drive economic development – leading to greater prosperity in the long term.

Further information is available at: www.responsAbility.com.
responsAbility at a glance

as of 31.12.2014

Global presence

Financed companies 531
Investment countries 93

Locations* 9
Employees 184


Shareholders

27% Swiss financial institutions*
51% Employees
22% Others

* Baumann & Cie, Basel; Raiffeisen Switzerland Corporation, St. Gallen; Swiss Re Foundation, Zurich; Vontobel Beteiligungen AG, Zurich; Alternative Bank Switzerland, Olten.

Assets under management

USD million, as of 31.12

Equity investments
Debt investments

USD 2 billion

USD 1 billion

4 8 43 211 442 705 899 908 1,007 1,397 1,913 2,440

03 04 05 06 07 08 09 10 11 12 13 14

Regulator and partners

Regulator
Swiss Financial Market Supervisory Authority
FINMA (since 2010)

Auditor
PwC Zurich/Switzerland

Founding partner: Credit Suisse

Milestones

2003
Founding of responsAbility; first investments in microfinance and sustainable agriculture

2010
Opening of a local office in Lima; FINMA regulation

2011
Opening of local offices in Mumbai, Nairobi and Paris

2012
Dedicated investment vehicles for sustainable agriculture and long-term participations in the SME finance sector

2014
Launch of two investment vehicles for sustainable energy

2015
Opening of local offices in Bangkok, Hong Kong and Oslo; acquisition of an AIFMD-certified management company in Luxembourg
Development investment framework

Institutional and private investors

Investment structures
- responsAbility investment vehicles – debt, equity, mixed; sectorial and regional

Activation of cash flow to companies
- Companies are selected based on the scalability, availability, affordability and adequacy of their offering: products, services, business development

Investment opportunities in growth markets
- Basic products and services for broad segments of society in the finance, energy, agriculture, healthcare and education sectors

Investors
- Financial investment
- Cash flow returned to investor

Investment structures
- Development investment
- Cash flow returned to investment vehicle

Activation of cash flow to companies
- Development impact
- Company success to reinvest for growth
- Job generation, tax revenues

Investment opportunities in growth markets
- Measurement of development outcome

Top 10 of a total of 93 investment countries
% of total USD 2.4 billion, as of 31.12.2014

- India: 7.7%
- Peru: 6.7%
- Azerbaijan: 6.6%
- Cambodia: 5.8%
- Ecuador: 5.4%
- Georgia: 5.3%
- Costa Rica: 4.6%
- Armenia: 4.0%
- Kenya: 3.8%
- Mongolia: 3.5%

Investments per region
% of total USD 2.4 billion, as of 31.12.2014

- Central America
- South America
- Eastern Europe
- Middle East and North Africa
- Sub-Saharan Africa
- Central Asia
- Asia-Pacific
- Others
INVESTING IN DEVELOPMENT

“This is what we do by creating innovative investment products that make it possible to invest in the world’s most dynamic economies.”
“responsAbility operates according to a simple formula: The more profitable our investments, the higher their development impact – and vice versa.”

Klaus Tischhauser
Co-Founder & CEO

Kaspar Müller
Chairman of the Board of Directors
Dear reader

What is the point? That is, in essence, the question that people ask when talking about the impact of development investments – looking beyond the usual investment outcome in the form of financial returns. Our annual publication – Perspectives – now focuses for the third time on the impact dimension of our investments and thus continues the tradition we began with our earlier Social Performance Reports (2004–2011).

In this issue of Perspectives, we explore the question of impact even more intensively than before as a result of having further developed this element of our reporting. We examine the topic at a conceptual level to enable us to apply the most uniform philosophy and approach possible across areas as diverse as agriculture, energy and finance. We also analyse the topic from the perspective of our different stakeholders and their needs: investors, who want to find out more about their investments; shareholders, who need to know how we perform as an asset manager; investees and business partners, who should understand the intentions and motivation behind our work; and also the finance industry in general, which has a great deal of catching up to do in the area of sustainable investments. The publication also complements the comprehensive product information available on our website.

The impact of development investments is, to some extent, a contentious issue, since many things can be measured, weighed and counted – but at what price? As Albert Einstein once said: “Not everything that can be counted counts, and not everything that counts can be counted.” What type of impact can sensibly be measured? We take a critical look at this particular question in the opinion piece within this publication. We also highlight impact-related content in this year’s report using distinctive blue symbols in the Business Overview and Sector Reporting pages of the publication.

responsAbility strives to achieve an impact by investing in development. This impact stems from companies successfully serving the basic needs of broad sections of the population. Because they are meeting real needs, these companies can operate successfully. The success of their business not only sustainably improves access to basic services for the population but also generates returns for investors – who are then willing to reinvest. responsAbility therefore operates according to a simple formula: The more profitable our investments, the higher their development impact – and vice versa.

In this publication, we look at three investments in India and Kenya to illustrate how these different aspects are interconnected. These examples show how the companies in question drive development because they achieve economic success. This is the key to the success of development investments, a field in which responsAbility has been active for the last 11 years. That is precisely the point: Development investments have an impact!

We hope you enjoy reading the publication.

Kaspar Müller
Chairman of the Board of Directors

Klaus Tischhauser
Co-Founder & CEO
Investment concept

How we invest

responsAbility aims to generate a financial return and to contribute to development through all its investments. Our investment concept shows that the development impact of an investment is what drives its financial return and that this return is an indication of its effectiveness.

An interesting trend can be observed in developing countries: Vast numbers of households and micro, small and medium-sized enterprises (MSMEs) whose basic needs were not previously met are increasingly being served by companies with innovative business models. This applies especially to development-related sectors. At responsAbility, our investment concept is aimed at making targeted investments to enable these companies to capture market potential more rapidly and effectively. The development-related benefits that their products and services offer clients drives the growth of these companies – thus laying the foundations for the success of their business and a successful investment performance.

responsAbility’s investment concept encompasses three different levels: sectorial level, business model level and company level.

1 Sector level: broad development-related benefits
responsiveAbility only invests in sectors that are highly relevant to development. Our five main sectors are: finance, agriculture, energy, healthcare and education. The general utility of the sector largely determines the benefits it creates for clients and its impact on development for all sections of the population.

2 Business model level: focus on target group
Within the sectors referred to above, responsAbility identifies suitable business models that can provide access to the inherent benefits of each sector – especially for low-income households or MSMEs. It is important to note in this context that what is considered a large impact from a development perspective may simply be perceived as a particularly attractive product or a very useful service from a client perspective.

The identified business models use innovative approaches to overcome one or more of the following obstacles: availability, affordability and adequacy.

The responsAbility investment concept

Technology as a success factor
e.g. mobile phones, broadband, energy storage, LED lighting

Sectors:
e.g. financial sector, energy sector, agricultural sector

Characteristics: investability; large impact on social progress; high relevance for society as a whole

Business models:
e.g. microfinance, drip irrigation, solar home systems

Characteristics: provision of access to affordable, needs-oriented products; highly scalable offering; high relevance for households with a low or average income as well as for MSMEs

Companies:
e.g. microfinance banks, agricultural cooperatives, energy providers

Characteristics: successful management; clear ability to scale up offering; attractive products and services for end-clients
Company level: the goal of profitable growth

As part of responsAbility’s investment concept, the individual companies are essentially responsible for multiplying the impact of their offering. Their core function is to successfully deliver their products or services to the largest possible number of clients. Their business models are scalable and the companies must and should, above all, have the ability to scale up their offering in practice. These requirements are of particular importance against the challenging backdrop that exists in developing countries and in view of the large number of potential clients in this environment with few formalised structures. In addition to the usual factors that are essential for the success of a business, responsAbility places a particular emphasis on this point when analysing companies.

Since development-related impacts depend on the sector and business models concerned, no specific additional requirements are routinely applied to the companies in terms of social or development aspects. The main contribution that a company can make is therefore to operate as successfully as possible. In this context, we believe that companies must not only act responsibly vis-à-vis their clients but also towards the environment, their employees and other stakeholders, and we see this as an inherent part of a modern and sustainable approach to business.

responsAbility’s investment concept focuses on the achievement of long-term success in terms of both the business and investment performance. Investments are made in the form of debt or equity capital – depending on the needs of the company in question and the underlying investment vehicle – and are generally targeted at the early expansion phase of the company.

Application of technology as a key success factor

c attenuation of the attractiveness of investments – or actually enabling investments to be made – especially in developing countries.

The second trend is less visible since it is an ongoing process: It involves the improvement of framework conditions. Governments are making progress and have comparatively more resources and less debt. They are also investing increasingly in important areas of their economies. Legal frameworks are also continuing to improve, resulting in greater legal certainty. In many countries, a middle class with purchasing power is slowly emerging. As a result, business models that are targeted at poorer people are becoming viable more rapidly.

All of these factors give grounds for optimism, since investors with a long-term focus can make a critical contribution from a development perspective. At the same time, ongoing development itself represents an opportunity for investors. responsAbility’s investment concept is targeted precisely at this – enabling a powerful combination of returns and impacts to develop increasingly.
Investment activities

Where we invest

At the end of 2014, our funds had investments totalling USD 2.4 billion in 531 companies in 93 countries, making responsAbility a truly global player in the field of development investments.
Investment activities

- **Eastern Europe**
  - Companies financed 2014: 57
  - Investments 2014: USD 160.1 million
  - Change 2014 vs 2013: +0.5%

- **Middle East and North Africa**
  - Companies financed 2014: 30
  - Investments 2014: USD 100.6 million
  - Change 2014 vs 2013: +63.6%

- **Sub-Saharan Africa**
  - Companies financed 2014: 92
  - Investments 2014: USD 216 million
  - Change 2014 vs 2013: +33.7%

- **Central Asia**
  - Companies financed 2014: 61
  - Investments 2014: USD 565.9 million
  - Change 2014 vs 2013: +14.9%

- **Asia-Pacific**
  - Companies financed 2014: 119
  - Investments 2014: USD 475.1 million
  - Change 2014 vs 2013: +49.5%

- **Others**
  - Companies financed 2014: 7
  - Investments 2014: USD 27.4 million
  - Change 2014 vs 2013: +22.0%
BREAKING NEW GROUND

“This is how we create access to growth markets in developing and emerging countries.”
How we measure

Investment activities are aimed at achieving a financial return. Consequently, the measurement of financial results forms an integral part of the investment process. If investors’ objectives go beyond purely financial considerations, the question that arises is which non-financial performance indicators should be applied to measure results. This opinion piece looks at the benefits and challenges of measuring output, outcome and impact – and advocates quantitative and qualitative output measurement at company level as the most accurate and cost-effective method to steer the investment process and related reporting activities.

The predominant objective of a financially motivated investment is to generate a risk-adjusted financial return that can be measured over time. Consequently, the measurement of that result forms an integral part of the investment process. While this may seem straightforward, numerous examples from recent years show that even in this one-dimensional world of financial returns – where increasingly sophisticated data sets have been developed over decades – there can still be a major difference between appearance and reality. Constant increases in transparency have generally resulted in improved performance measurement and accountability. Transparent reporting forms the foundation for efficient capital allocation within a market.

How to measure the results of development investments

In the case of development investments or impact investments in general (see box for definition), an investor’s motivation or objectives often go beyond purely financial considerations. As a result, the return on their investment has to be expressed using more than just financial data. In this context certain questions arise: Which other indicators should be measured? How efficiently can the measurement be achieved? And how can you guarantee accountability by measuring non-financial aspects?

The measurement of non-monetary results can involve a very wide-ranging spectrum of measurement options. It is important to analyse which factors are worthwhile, necessary and possible to measure. The complexity involved in measuring non-financial results can best be illustrated using an example such as the effects of distributing mosquito nets:

- A company sells a specific number of mosquito nets to prevent the transmission of diseases by insect bites – a figure that is typically referred to as output and can very easily be measured at company level by monitoring sales.
- Measuring the outcome of this activity would imply the measurement not only of the achieved reduction in diseases but also the positive influence on external factors such as life expectancy, capacity to work, the attendance of school or other aspects. The measurement of outcome requires a comprehensive and systematic analysis of the mid-term influences of the services at target group level.
- Finally, to measure impact one would have to assess the achieved outcome compared to the situation that would have arisen if the distribution of mosquito nets had not been carried out but if

Key findings

- In the case of development investments, return on investment cannot be assessed by risk/return metrics alone; benefits beyond the financial return have to be measured as well.
- The author argues that focusing on output – i.e. tangible products and services that result from the activity of a company – is the most effective approach for those specific measurement needs.
- Output can be measured in a cost-effective manner and aligns the focus of the entrepreneur with the interests of the investor.
- The author supports the view that measuring outcome – i.e. changes or effects that result from outputs – is not cost-effective and may divert attention away from the provision of efficient services.
- In most cases of development investments, there is a direct cause-effect relationship between the output of basic services and the intended outcome of those services on people’s lives; as a result, measuring the quantity and quality of the outputs is a good proxy for accountability.
Opinion piece

Development investments

Capital mobilised to perform for-profit investments in developing countries and development-related sectors of society that have traditionally had a strong public sector presence but where private capital has been used to scale them up and expand their reach.

Impact investments

Investments in companies, organisations and funds that are made with the intention of generating social and environmental impacts in addition to a financial return (Source: GIIN).
other preventive measures had been taken. If, thanks to mosquito nets, mortality caused by malaria drops by 40 %, while in another area a 30 % reduction is achieved through the spraying of insecticides, the actual impact of the distribution of mosquito nets would then amount to only 10 %. Hence, impact is the relative contribution of a determined action towards solving a problem and impact measurement therefore always requires the comparison with control groups to clearly have the right attribution on the overall result.

This simple example shows what difficult terrain would be encountered if the measurement of impact were to be defined as a standard measurement procedure for investments targeting non-financial returns. A significant proportion of practitioners and evaluation experts agree on this point: Impact measurement – in the sense referred to here – is not only cost-intensive but is also extremely difficult to put into practice and entails methodological difficulties.

Outcome measurement: cost, complexity and efficiency
In contrast, opinions are divided about the need to measure outcome as opposed to focusing on the measurement of output. Outcome measurement can serve a purpose when it comes to creating a basis for government policies or the deployment of public funds to give preference to one project over the other for a given purpose. From a company perspective – i.e. at investment level, however – even the provision of a relatively simple service can give rise to a host of highly complex questions and challenges in terms of the outcome measurement process. These problems are not easy to resolve from a conceptual perspective and can certainly not be addressed cost-effectively. More dramatically, the calls for the measurement of outcome, and its complexities, can certainly divert attention away from the actual provision of efficient services. For end-clients, the outcome consists of the relevant level of service that they actually experience. The measurement of outcome is irrelevant for them as long as the measurement process does not result in an improved service or increased output. Measuring outcome can be useful to assess or decide upon the allocation of public sector spending but it is not a necessity for development investments and has to be treated with much caution as it can have significant detrimental effect: If the company’s management subsequently adopts the wrong focus or if the measurement process is costly – which it is –, the measurement of outcome can result in suboptimal output for the end-clients and consequently in a potentially significant reduction of the expected impact.

Output and outcome: a cause-effect relationship
An effective alternative to this problem is to focus on measuring outputs rather than outcomes. If there is a consensus concerning the direction of a cause-effect relationship (e.g. mosquito nets enable people to prevent insect bites and the transmission of diseases), then in principle, there is no need for ongoing measurement of an outcome in order to create a transparent measurement of results. Accountability can be achieved by measuring the quantity and quality of the output. If, however, there is a lack of clarity about the direction of the cause-effect relationship, then a fundamental clarification of cause and effect is needed before any investment (and measurement) activities are carried out.

“For end-clients, the outcome consists of the relevant level of service that they actually experience.”

In the vast majority of typical development-related investment cases, however, the direction of a cause-effect relationship is a matter of common sense. In fact, it is confirmed by the end-clients and their willingness to pay for those services. While access to services alone is not enough to unlock the full potential development impact, without any access to such services, it would be absolutely impossible to realise any development potential. This is especially the case with access to basic services, the core area of development investments. In this context, the very fact that the services are available represents an important step forward from the end-clients’ perspective. Furthermore, the fact that these services are paid at a price that covers the cost of the offering sends out a clear signal about the usefulness of the service, even if the outcome is not measured.

Output measurement – quantitative and qualitative
If measurement is considered from this perspective, then in the vast majority of cases all that is needed is a differentiated measurement of output, i.e. a quantitative and, where appropriate, qualitative or target group-based measurement at the level of the service provider. The focus on the measurement of output offsets the additional advantage that – unlike the measurement of outcome – it is an integral part of the business model and the investment process itself and is therefore aligned as far as possible among the different parties involved. If combined with a general formula about the typical relationship to be expected between output and outcome, which can be deducted from stand-alone outcome-focused case studies, even an estimation of outcome can be achieved without having the negative side effects of arduous ongoing outcome measurement systems.
Opinion piece

Key growth drivers: financial soundness and efficiency

Beyond this simplistic but pragmatic approach of output-focused impact measurement, there is a commonly heard argument that the better (more sophisticated and complex) one gets at measuring impact, the more money will flow into impact-related investments. However, this perspective might fail to consider the key driver of investment growth: financial soundness, which is a consequence of efficiency and sustainability. Cost efficiency is frequently overlooked in the heated debate about outcome versus output, as the desire to measure often eclipses the much more serious problem posed by a lack of efficiency – and the lack of sustainability of an offering that tends to be associated with it. For end-clients as well as for service intermediaries, it is essential to attain a level of efficiency that makes it possible to achieve entrepreneurial success and thus form the basis for sustainable business activities. Until this is achieved, the sophisticated measurement of outcome remains a pointless exercise for the investment process.

It is not the transparent measurement of outcome that results in an increased level of investment in the sector and especially not in the development investment sector. Instead, what is important for the investor and for end-clients are financially attractive, efficient and sustainable companies that demonstrate transparently – through the measurement of quantitative and qualitative output – what they are using their financial resources for. This is what generates the highest development impact as it aligns the long-term interest of end-clients, companies and investors in the very best way.

The author

Henry González has 20 years of professional experience spanning the sectors of finance, emerging markets, impact investing and political and economic development. He is Head of Research and Advisory at responsAbility Investments AG, based in Paris. He is also an Associate Fellow at Oxford University’s Saïd Business School.

Henry González was previously a Vice President at Morgan Stanley where he focused on Emerging Markets and Microfinance Investing. He also held positions at the World Bank, the United Nations Development Programme, and the Government of Costa Rica.

Henry received an MBA from Oxford University, where he held the Skoll Scholarship for Social Entrepreneurship, an MPA from Harvard’s Kennedy School of Government, where he was a Fulbright Scholar, and a BA in Political Science from the University of Costa Rica.
"This is what inspires us to create investment vehicles that promote financial success on the basis of a clear development impact."

SERVING MULTIPLE NEEDS
responsAbility funds invest in non-listed companies in developing economies. This approach ensures that capital reaches companies that drive performance through development-related growth. Working in this environment requires a specific set of skills.

Development investments open the way for both private and public capital to flow into sectors and business models which are instrumental in driving development in emerging economies. By meeting clear client demand for affordable basic products and services, the financed companies operate successfully and deliver attractive financial returns – provided a functioning business model is complemented by an adequate level of operational expertise. To invest successfully in this area, it is essential to have a sound understanding of the respective markets and their needs as well as strong skills in evaluating businesses.

How we operate

The responsAbility investment process

1. **Prospecting and sourcing**
   - Our local presence and strong network ensure that we gain access to a large number of investment opportunities in non-listed companies. This enables us to be very selective and to build a portfolio in line with investor expectations.

2. **Screening/initial assessment**
   - Our experienced investment specialists aggregate findings from desktop research and check them against investment criteria and policies to produce a thorough initial assessment. General eligibility criteria have to be met.

3. **Due diligence**
   - In a detailed on-site due diligence process that usually takes a minimum of three days to complete, the investment teams – supported by independent service providers such as legal, accounting, development and environmental specialists – further confirm the findings of the initial assessment.
4 Investment analysis and decision

Our debt investments follow a specific set of financial and development-related parameters, tried and tested over a decade of investment activity. Each equity investment is carefully evaluated, including by means of detailed financial modelling and development impact assessment.

5 Investment

For each investment vehicle, assets are invested according to specific rules and regulations and in line with the investment strategy. This ensures the diversification of risk across investees and countries and compliance with all regulatory frameworks.

6 Monitoring/adding value/reporting

Our specialists closely monitor our portfolio companies through regular reporting, on-site due diligence updates and, in the case of equity investments, active involvement focused on adding value.

7 Repayment/divestment/exit

Most of our open-end funds are set up as income accumulating funds which reinvest capital paid back by investees. The exit proceeds of our closed-end equity products are typically re-distributed to investors.

responsAbility currently works with over 530 companies in more than 90 countries. While some of our investees have been clients for over a decade, our teams constantly add new investees to the existing network, thereby expanding our range of activity. The success of our investment activity depends to a significant extent on our experts' ability to source and analyse the potential of each investment. While they base their decisions on clearly-defined sets of criteria, it is essential for them to have a thorough understanding of both the markets and the relevant success factors that make businesses thrive. For this purpose, local investment experts work with centrally and locally-based analysts, research experts and lawyers as well as risk and fund management specialists to ensure that only successful companies with the ability to scale up their business find their way into our portfolio.
responsAbility has a broad investor base that is continuously being expanded. Our most important groups of investors are private clients and institutional investors. responsAbility works with national and international financial institutions with strong distribution networks to attract private investors and serve their needs.

The strong growth achieved by responsAbility reflects the ongoing expansion of our client base, which ranges from renowned national and international financial institutions to external asset managers, family offices and private individuals, as well as institutional clients such as pension funds, insurers and foundations.

Our total inflow of assets in 2014 was spread across all client segments. As Mirjam Farnum, Head Sales at responsAbility, explains: “This shows that responsAbility is not only attracting institutional clients – important players in the finance industry – but also private investors. This confirms the merits of our strategy of serving a broad client base with our differentiated product offering.”

**Increasing numbers of international investors**

In addition to responsAbility’s continued strong growth in its core market of Switzerland, new assets were entrusted to it by investors in Germany, Holland and France, among other markets. “We are responding to this trend by establishing branches in local markets so that we can also provide international investors with specific expertise relating to their investments,” says Mirjam Farnum.

To attract and serve investors, responsAbility not only relies on its own team of professionals but also works with national and international financial institutions that have strong distribution networks. In 2014, responsAbility acquired further partners – enabling it to offer development investments to a broad investor community.

**Strong interest from private and institutional investors**

The proportion of private and institutional investors in our investor base remains balanced. However, the weighting of the different groups of investors varies significantly, depending on the investment solution concerned. Public sector investors such as development finance institutions represent an increasingly important part of our investor mix. In view of their investment objectives – which target very specific goals – they are able to provide start-up capital for innovative investment solutions. In this way, they lay the foundations that enable private investors to subsequently participate in new fields of investment. “As a result of the development of new investment products in the area of energy – including responsAbility’s decision to take over the management of a climate fund at the beginning of November 2014 – the proportion of public sector funds in our investor base grew to 18% in 2014,” comments Mirjam Farnum.

**Breakdown of assets under management by investor group**

<table>
<thead>
<tr>
<th>% of total USD 2.4 billion, as of 31.12.2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>41% Private clients</td>
</tr>
<tr>
<td>29% Institutional clients</td>
</tr>
<tr>
<td>18% Public sector investors</td>
</tr>
<tr>
<td>12% Banks (including investment funds)</td>
</tr>
</tbody>
</table>

**Mirjam Farnum**

Mirjam Farnum has headed the responsAbility Sales team for seven years. The team comprises 18 members and is responsible for servicing private and institutional investors.

Mirjam Farnum has a Master’s degree in International Relations from the University of Geneva and more than 15 years of experience in various positions in the financial sector. Prior to joining responsAbility, she worked at Credit Suisse Asset Management, where she was in charge of a portfolio of Swiss pension funds and insurance firms.
Mario Fontana is the founder and Chairman of the Swiss Fontana Foundation, which is committed to combating poverty. For the last six years, the Fontana Foundation has invested in responsAbility investment products in the field of microfinance.

Mario Fontana, what is the nature of your foundation’s work?
Let me give you an example. In the Mekong Delta region of Vietnam, we are assisting a woman who works with 22 employees to provide poor families with small loans that enable them to buy animals to rear. In the space of three years and with loans totalling USD 360, they have been able to establish a sustainable livelihood and find a way out of poverty. Over the last five years, we have helped 600 such families to build a sound economic basis for the future.

Which objective are you pursuing with your projects?
The aim of the foundation is to combat poverty. I have been very fortunate in life and I now want to invest part of the wealth that I have at my disposal to help the world’s poorest people. To achieve this, I focus on projects in the areas of professional training, infrastructure and microfinance for low-income families.

You talk about ‘investing’ …
I consider the foundation to be like a business: You invest in something – and then it must be able to continue operating using its own resources. We don’t simply distribute goods. We try to invest in a way that enables people to establish their own livelihoods. The projects need to be managed successfully in order to achieve this. The large budgets of public sector and private sector organisations have, in some cases, only had a limited impact. This makes it clear that specific expertise, particularly management knowhow, is required in this area.

How can this type of entrepreneurial approach be achieved?
By acting professionally. When I wanted to set up the foundation, I met with Klaus Tischhauser. He and his team put together a two-day training course – although this is, of course, not something that responsAbility normally does. The course gave me an insight into what this area entails.

How do you manage your foundation?
It has a very lean structure. There are no employees but we do have a team of highly committed volunteers and we manage very complex projects ourselves. Providers sometimes approach me and offer me their services. My response is always: “I don’t pay money to wealthy people. And I define as ‘wealthy’ anyone who has more than USD 10 a day at their disposal.” (laughs)

The Fontana Foundation also invests in responsAbility.
It is important to me that the money the foundation invests ‘passively’ – in other words, that we can’t influence directly – is invested carefully. The risks associated with our projects are already large enough. We want to invest our money effectively while achieving specific goals. responsAbility is a valuable partner through which we can invest the foundation’s assets to achieve a social impact.

Foundations: as individual as their founders
Foundations are entities that use assets to realize a specific purpose defined by the founder. This type of legal entity is becoming increasingly popular: In Germany alone, the number of foundations now being established within a single year is the equivalent to the number over an entire decade just 20 years ago. This trend is partly driven by the substantial increase in private assets. Foundations often seek individual investment solutions for their assets that are influenced to a significant extent by the purpose of the foundation. Consequently, foundations have very different advisory expectations to banks, pension funds or insurers. responsAbility engages in a dialogue with foundations – not only advising them on financial returns but also offering its expertise on the non-financial impacts of investments, which are in line with the designated objectives of many of these foundations.

→ fontana-foundation.org
MAKE A DIFFERENCE

“This is what we do by investing in the real economy and in companies that provide basic products and services to broad sections of society.”
Development investments up close

Learn how innovative companies conquer new markets by investing in development: The following section introduces the three largest investment sectors targeted by responsAbility funds.

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India goes green:
spectacular new growth markets for organic production

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Microfinance as a driver of growth:
witness how a Kenyan bank is conquering new markets

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Energy
Closing the logistics gap:
what India needs to optimise its use of biomass
Agriculture

Packaging pulses for Sresta, India’s pioneering producer of organic foods. Demand for organically produced agricultural products is increasing thanks to the expansion of the middle classes, which are expected to grow by 40% globally by 2050.
Productivity gains as a driver of prosperity

Over the next few decades, three main trends will drive a surge in global food demand: (i) Population growth: the world’s population is expected to increase from 7.2 billion to 9.6 billion by 2050; (ii) Higher incomes: over the same period, the world’s middle classes will expand from 50 to 70% of the population; (iii) Accelerating urbanisation: the proportion of the world’s population living in urban areas will increase from 54 to 66%. This not only means that more food will need to be grown but that it will also have to be of higher quality as diets become more diverse and selective. In this context, it will be particularly important to provide access to financing for agricultural producer and trade organizations that aggregate agricultural output and invest in improving its quality. Organic and fair trade food products, which represent an expanding niche market, are a key area of focus for these organisations as they guarantee higher prices and more stable incomes for their members.

Regional differences in food demand

While food output will have to increase around the globe in future, the type of food that is needed will vary from region to region. In South and Southeast Asia, for example, rising incomes will be the main driver of growth, resulting in greater demand for meat and dairy produce, as well as for products used for feed, such as soya beans and wheat. In Sub-Saharan Africa, on the other hand, population growth will be the main driver of the increased demand for food – especially staple crops. These divergent demand profiles point to the diversity of agricultural products that will require increased investment in the coming years.

Additionally, given the pressure that the world’s land and water resources are already under, the success of business models and technologies that increase the productivity of farmers while minimising environmental degradation will be crucial to meeting the challenges posed by the growing demand for food. This is particularly true for developing regions, where agricultural productivity levels are significantly below those in more developed countries (see chart). Agriculture in these regions is still dominated by smallholder structures that employ a large percentage of the population.

Promising new business models and technologies are constantly emerging, however, and this represents an encouraging development. For instance, innovative irrigation systems that supply water directly to the roots of plants have been shown to increase the productivity of farmers by 20–90%. In addition to increasing yields, these systems help to reduce labour and energy costs, minimise nutrient run-off and alleviate soil erosion.

Information and communications technologies (ICT) can improve the amount, timeliness and quality of information available throughout the value chain. Producers, processors and traders who are able to monitor rapidly changing price signals and market conditions can increase their income and reduce waste. When farmers in Peru used mobile phones to monitor market conditions, for example, this resulted in an increase of 11–13% in the average prices they received for their crops of green peas and lima beans.

The potential level of investment needed to upgrade the production capacity of smallholder agricultural systems in developing countries is estimated to be close to USD 90 billion annually. The gap in investment currently stands at around USD 80 billion. Access to credit enables producer organisations to invest in farmers and in companies servicing the value chain to enable them to scale up their activities, thus harnessing the opportunities created by the growing demand for food.

responsAbility’s agricultural investments address this market opportunity directly, working to ensure that participants along the entire agricultural value chain have access to working capital and investment capital. There is abundant evidence that agricultural lending improves productivity, builds local markets and encourages the sustainable management of natural resources. Consequently, there is a bright future for investments aimed at promoting food security and business growth in the developing world.

Comparison of agricultural productivity of cereal¹, 1961–2013 in kg/ha

<table>
<thead>
<tr>
<th>Year</th>
<th>Western Europe</th>
<th>Central America</th>
<th>South Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
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<td>2003</td>
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<td></td>
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<tr>
<td>2013</td>
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¹ Source: FAOSTAT 2015
Organic produce for export and a growing home market

Sresta Natural Bioproducts, India

The global demand for organically produced foods is increasing by 8–9% annually. In India, which has a population of 1.2 billion, rising levels of prosperity are being accompanied by a growing awareness of the importance of a healthy diet. This, in turn, is boosting the demand for organic foods – creating attractive prospects for the 250 million Indians employed in the country’s agricultural sector. The pioneering market leader Sresta Natural Bioproducts, which is based in Hyderabad, distributes organic produce grown by 20,000 farmers to consumers in India and other countries. It also works tirelessly to increase the volume of land designated for organic cultivation and to develop the domestic market for organic produce.

Poosarlapadu is located in the north east of the state of Andhra Pradesh. It is a typical Indian village with 376 homes, 1,000 inhabitants and 34 farmers who cultivate a total of 70 hectares of land. The rice crop has already been harvested, and mung beans and black lentils are still growing in the fields. Meanwhile, the harvesting of sugar cane is well under way: men use machetes to cut down the enormous canes and then drag them to a clearing next to the field. Women then hoist the bundles of sugar cane – each weighing around 25 kg – onto their heads and carry them up a steep slope to a vehicle waiting nearby.

In the village itself, paddy rice – Poosarlapadu’s most important product alongside pulses and chillies – has been heaped into large piles that are covered with a protective layer of straw while awaiting transportation. The week before, the farmers threshed the rice using a pair of oxen that pull a roller over the crop that was spread out on the ground. This high-quality rice is produced according to strict rules and specifications in a village that has been committed to organic production methods since 2006.

Organic production pays off

Gunlama, who heads a local self-help group for women, explains how Poosarlapadu became one of the first villages in India to switch to organic farming methods. “We are fortunate, since there is enough rain here in Poosarlapadu – and if it doesn’t rain, we can irrigate the fields ourselves. In spite of this, many people here were heavily in debt,” she explains. According to Gunlama, this was due to the large amount of money that farmers had to spend on fertilisers and pesticides: “Many farmers had to take out large loans. If the crops failed one year, they were no longer able to repay the money they had borrowed.”

As a result of a government initiative, the women found out about the Community Managed Sustainable Agriculture (CMSA) programme, which promotes pesticide-free farming. Instead of chemicals, the women use plant-based substances that they produce themselves from materials available in the village. “At first, the men were sceptical, but then we were able to convince some of them of the new cultivation methods,” says Gunlama. Once they saw that productivity was not affected when we stopped using chemicals, more and more of the inhabitants in Poosarlapadu became convinced of the benefits of this method. In 2006, the entire village switched to organic cultivation and has been fully certified as organic since 2009.

A reliable buyer for the harvest

Kondal Rao is a farmer in Poosarlapadu. He cultivates his land together with his wife and their 19-year-old daughter. His son is studying to become an engineer. Rao acts as the local representative of Sresta Natural Bioproducts. The company, which is based in Hyderabad, is the market leader for organically produced foods, which it distributes throughout India as well as in overseas markets. It has been working with farmers from Poosarlapadu and buying their crops since 2008.
1 – Separating the rice from the chaff: in Poosarlapadu, the processing of the harvest involves lots of manual work.

2 – Home-made organic fertilisers and pesticides that cost virtually nothing to produce: the entire village switched to organic cultivation in 2006.

3 – Women’s work: bundles of sugar cane each weighing around 25 kg are carried from the field.

4 – A good harvest: thanks to organic production methods and fair margins, farmers receive USD 2 more for each bag of paddy rice, in addition to not having to pay for fertilisers.

5 – High-quality organically grown paddy rice is Poosarlapadu’s most important product – along with pulses and chillies.
1 – The Sresta plant in Medchal, Hyderabad, is one of 25 locations where foods are collected, sorted, processed and packaged.

2 – 160 employees work at the Medchal plant, 100 of them are women.

3 – Strict hygiene checks ensure the consistently high quality of Sresta's products.
Kondal is full of praise when he talks about the farmers’ relationship with Sresta: “In the past, we had to sell our harvest to middlemen who kept a large margin for themselves. Nowadays, Sresta comes directly to our village and buys our produce from us here. For each bag of paddy rice I sell, I get USD 2 more than before – which comes to a total of USD 40 per year. At the same time, I no longer have to pay for fertilisers and pesticides. Since we stopped using chemicals, we have had fewer cases of illness and fewer visits to the doctor, which also saves us money. As a result, I can let my son pursue his studies – so that he will one day have a better life than us.”

Other producers are also being persuaded of the benefits of organic cultivation. Sresta now has more than 20,000 suppliers in 15 federal states – of which around 8,000 began working with the company in 2014 alone.

Sresta supports farmers by sharing its knowhow on crop growing: for every 100 farmers, there is one agricultural engineer who oversees the transition to organic cultivation, instructs and advises the farmers, and assists them in the process of obtaining organic certification. Even during the transition phase, Sresta buys the farmers’ harvest – at a price that guarantees them a minimum return.

Targeted development of the organic food market in India
Rajashekar Reddy Seelam – or ‘Raj’ for short – founded Sresta in 2004. The son of a farmer, he qualified as an agricultural engineer and spent years working for a firm that sold pesticides before deciding that he wanted to set up a company to “provide farmers with a sustainable livelihood and consumers with a sustainable way of life,” as he explains. “Almost all of the farmers here produce a range of different foods. Most of them are not suitable for export because there is no market for them abroad. That is why we began to develop a domestic market,” says Raj.

“A decade ago, no one in India talked about organic produce. When we started out, the first thing we had to do was to explain the benefits of organic foods to consumers. No one wanted to sell our products,” Raj recalls. “Our only option was to sell the products through our own stores, the first of which opened in 2005.” This was followed by a lot of persuasive marketing.

“In 2007, we were able to enter into a partnership with a supermarket chain. This was a turning point: it brought Sresta to the attention of consumers, and more and more supermarket operators then wanted to sell our products.”

Sresta’s products – which are sold under the ‘24Mantra’ brand – are now stocked in all modern supermarket chains, and are marketed by various distributors and wholesale outlets. “In India, our products can now be found in over 5,000 stores in 80 cities, and we process about 30,000 tons of produce both for domestic...
that great – Sresta has intentionally avoided positioning itself in the higher price segment to ensure that our products are affordable to the largest possible number of people. In specific terms, we estimate that it will only cost consumers around USD 20 more per month to buy organic foods instead of conventional products. This equates to the cost of taking their family to the cinema and is perfectly affordable for most of them. That is without even mentioning the difference in taste! Once someone has tasted our rice, they don’t want to eat anything else – as clients confirm time and again. As the number of people who like our products grows, we are able to produce our food at ever lower costs.”

Developing production expertise

At Sresta, the production process is not just about sourcing foods that have been produced organically. The storage, packaging and processing of the products are also constantly evolving. Naresh Kumar manages the company’s production facilities in Medchal, Hyderabad, one of 25 locations at which foods are collected, sorted, processed and packaged. A total of 160 employees – 100 of whom are women – work at the plant, which covers an area of 2,790 m². “India is a tropical country, meaning that all kinds of pests thrive here,” explains Naresh. “Appropriate storage, processing and packaging are absolutely essential for us, and we are always investing in new technologies to ensure the consistently high quality of our products,” he adds. For example, spices and full grain cereals are stored in a cool place, while coriander seeds are roasted to prevent them from being targeted by pests.

Eight employees – supervised by Nirupama Raghavan – work in the plant’s laboratory and quality assurance. They analyse samples of the harvest one week prior to delivery to assess its quality. The price of the product is determined on that basis. “We carry out checks on rice to detect any impurities, for example, and we test soybeans to determine their fat content. If we find any residues from pesticides or harmful substances, the product is rejected,” explains Nirupama. The packaged goods are also tested to see if any bacteria are present, as is the water used in the different processes. Equally, checks are carried out to determine whether employees are complying with strict hygiene regulations. At the same time, a team of food scientists are responsible for developing new ideas for processed products such as breakfast cereals, fruit juices, biscuits or cold-pressed oils.

Growth is dependent on financing

Sresta is planning to further expand its network of suppliers, as well as its production process and distribution channels. The company has, for years, been achieving growth of between 60% and 77%. More than half of its turnover is now driven by exports – primarily to the US and Europe, which have been its second and third

markets and exports. We are now planning to expand into smaller stores, which still account for 90% of all food sales in India. Our products are currently stocked in 3,000 of these stores, and we want to increase this number to 20,000 by the end of 2015.”

While expanding its distribution network, Sresta is also continuing its efforts to convince consumers of the benefits of its products. Raghveer Reddy, who has been Head of Marketing at Sresta since 2009, explains the arguments that the company uses to encourage Indian consumers to buy organic products. “Organic foods are still an unknown concept to most consumers, who fail to recognise the value they create and believe they are much more expensive than foods produced using conventional methods,” says Raghuv. “We explain to them that the difference in prices is not
major markets, after Sresta’s home market of India, since 2007. The company now works with over 40 international clients.

Raj Seelam explains: “As we continue to grow, we want to reduce the price of our products to make them affordable to even more people in India. At the same time, we make sure that we generate sound returns so that all of our stakeholders – farmers, consumers, employees and Sresta’s owners – are satisfied.”

ResponsAbility has been working with Sresta since 2011 and provides the company with working capital, which it uses to bridge the period from when it buys the harvest to when it sells it on to traders. Commenting on Sresta’s relationship with ResponsAbility, Raj explains: “It is not easy to obtain loans for this type of business. ResponsAbility understands our business model and recognises its potential.”

Sresta Natural Bioproducts Pvt Ltd

Headquarters: Hyderabad, India
Established: 2004
Turnover*: USD 26 million
Turnover growth in 2014: 73%
Employees: 350
Number of supply partners: 20,480
of which organically certified: 7,632
Area of land cultivated: 37,781 ha
of which organically certified: 13,976 ha
Distribution: over 5,000 stores in 80 cities and 21 provinces

* for the business year ending 31 March 2015

→ www.sresta.com
www.24mantra.com

Agriculture

“We sell our products at attractive prices to make them affordable to broad sections of the population.”

Rajashekar Reddy Seelam (‘Raj’)
Founder and Managing Director of Sresta Natural Bioproducts Private Limited

Can you explain Sresta’s business model?
We buy, process and sell foods that have been produced organically, both in India and abroad. Thanks to our model, farmers can generate additional net income of 15 – 30 %.

We continuously invest in marketing measures in order to sustainably build a market for organic products in India.

How is the market for organic products developing in India?
Individuals who are careful about what they eat buy organic produce for health reasons. Once people have grown used to the taste, they find it difficult to revert back to conventional products.

How do you position your products in terms of pricing?
We try to sell our products at the most attractive price possible to make them affordable to broad sections of the population. For a family of four, it costs around USD 20 extra per month to buy our products – which is the equivalent to the cost of going to the cinema.

How has your product range developed over the years?
In the beginning, our offering mainly comprised staple foods: rice, wheat, corn and numerous different pulses and spices. Our range now also includes fruit and vegetables as well as processed foods such as breakfast cereals, fruit juices, biscuits and oils.

How do you intend to further expand your client base?
Our products are currently stocked in around 5,000 large supermarkets in 80 Indian cities. Our goal for 2015 is to also distribute our products via small food stores, which still account for 90% of the total turnover in India’s food sector.

A farmer’s son, Raj is an agricultural engineer and holds a postgraduate qualification in management. He is a firm advocate of organic farming and gives talks on this subject at numerous events. Through his work he wants to achieve “a sustainable livelihood for farmers and a sustainable way of life for consumers.”
Finance

Urban life in Nairobi, Kenya: Only 34% of the adult population in Sub-Saharan Africa has access to a bank account at a formal financial institution. In response to the unmet demand, increasing numbers of financial (microfinance) institutions are serving the needs of broad segments of the population.
A framework to build stronger economies

The financial sector is a critical component of any modern economy, providing savings, loans and other financial services that are vital to all areas of society. The expansion of the financial sector therefore plays a key role in economic development, driving the growth of the private sector while promoting a culture of saving and investment. In developing countries, companies that provide financial services to previously underserved sections of the population are helping to close the supply gap.

The financial sector as a driver of development

The financial sector is an essential driving force behind the development of any economy. By collecting savings, financial institutions are able to provide a safe and convenient location for the income that people generate through their work, providing them with a regular return as well as a means of protecting their money against financial volatility. By mobilising these savings and other forms of financing, financial institutions are also able to offer credit products and thus provide the capital needed by entrepreneurs to launch a new business or by existing companies to increase their revenues by, for example, purchasing machinery. Especially in the developing world, where the need for economic transformation is acute, the provision of financing can have a significant catalytic effect.

In much of the developing world, the need for access to financial services is still far from being met. Only 34% of the adult population in Sub-Saharan Africa has access to a bank account at a formal financial institution, compared to 95% in the eurozone. The shortfall is particularly acute among lower-income sections of the population. While the percentage of the population with access to financial services varies little across income brackets in the EU, in Africa the proportion of the top 60% income bracket with an account is twice as large as that in the bottom 40%.

In response to this unmet demand, an ever-increasing number of financial institutions are serving the needs of broad sections of the population in developing countries, often through the provision of microfinance. As the microfinance market matures, many of these institutions are not only growing in size but are also widening their product offering as they develop from small microfinance institutions into banks. To operate successfully, they require debt capital to refinance their loans and, increasingly, equity capital to support their transformation into more mature institutions and their further expansion. By scaling up their activities, these institutions are able to provide better services at lower costs, thus improving their offering for end-clients.

A leading private investors in microfinance

With USD 1.8 billion invested in financial institutions across 77 countries, responsAbility is a market leader and one of the largest private investors in microfinance. Our investments are limited to commercially sound investees with proven business models that have a sustainable impact on the lives of their clients. While only around 500 of the total of 10,000 microfinance companies worldwide are currently eligible for this type of financing, the investment universe is expanding in two ways: On the one hand, many of our existing investees are growing in size, and on the other hand, many institutions are maturing to the point where they become investible.

As a result, the microfinance sector is set to continue the impressive rate of growth shown over the last decade. This is underlined by one of the first systematic studies to analyse the investment capacity of the microfinance markets at a global level, which was performed by responsAbility Research. Taking account of country-, market- and institution-specific factors, the study forecasts that the investible microfinance market will continue to expand by approximately 20% annually according to the underlying model for at least the next five years, meaning that it will remain a sustainable growth market.

Investment potential of microfinance, 2014–2019

<table>
<thead>
<tr>
<th>Year</th>
<th>USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>5,728</td>
</tr>
<tr>
<td>2015</td>
<td>6,907</td>
</tr>
<tr>
<td>2016</td>
<td>8,350</td>
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<tr>
<td>2017</td>
<td>9,875</td>
</tr>
<tr>
<td>2018</td>
<td>11,700</td>
</tr>
<tr>
<td>2019</td>
<td>13,861</td>
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In 2019, the microfinance market is forecasted to reach USD 13.861 billion, marking an annual growth rate of 18.5%.

Microfinance as an engine of growth

Chase Bank (Kenya) and its subsidiary Rafiki Microfinance Bank

Kenya’s economy is booming: In 2014, GDP growth was 5.3% – a rate that industrialized nations can only dream of. Like its East African neighbours, Kenya is benefiting from a continued improvement in economic conditions. This includes a more stable currency, single-digit inflation and the rapid spread of new technologies – often based on mobile telephony. The result is strong domestic demand fuelled by private consumption, thus creating fertile ground for countless microbusinesses and SMEs.

Financial resources are needed to drive further economic growth and this is shaping the development of Kenya’s financial sector. It is still not keeping pace with the high levels of demand generated by the booming economy. Kenya’s 43 existing commercial banks, including the separately regulated Post Office Savings Bank, only cover one-quarter of the country’s adult population of 43 million. According to the FinAccess National Survey, one in three Kenyans was totally excluded from the financial system in 2009.

Booming demand for financial services

This excess demand creates growth opportunities for local financial institutions, which are seizing them in a variety of ways. One example is the domestic financial institution Chase Bank (Kenya), in which responsAbility funds are debt investors and in which responsAbility also holds an equity stake through one of its investment vehicles. The bank uses a wide range of distribution channels to reach the broadest possible client base. In addition to the parent company, which focuses on SMEs, a microfinance subsidiary, Rafiki Microfinance Bank, has been operating since 2011.

Microfinance provides access to financial services for individuals that banks do not target as potential clients. In developing countries and emerging economies, this group represents a large proportion of the population – and therefore offers significant economic potential. Duncan Kabui, Group Managing Director of Chase Bank, explains: “Kenya is a developing country and the major proportion of the population has a low level of income. We want to tap into this client base.”

A top-down approach to microfinance

Chase Bank is not the only financial institution planning to capture this potential. Kenya’s microfinance sector is the most highly
3 – Kenya’s economy is booming: In 2014, GDP growth was 5.3% and the financial sector is growing by 15% annually.

4 – A typical Chase SME client: Jayne Awino Okoth and her team at ‘Rapunzel’ – a successful hair salon in Westlands.

5 – Chase client David Karanja, a partner at Active Audio Visual services, provides audiovisual equipment and services for major events across Kenya.
Finance

Chase Bank (Kenya) Limited*

Founded: 1995
Total assets: KES 107 billion (USD 1.2 billion)
Growth in 2014: 40 %
Branches: 42 (including 3 express branches)
Employees: 1,370
Loan volume: KES 53.8 billion (USD 594 million)
Deposits: KES 79 billion (USD 869 million)
Clients: 154,055
Accounts: 215,728

Rafiki Microfinance Bank*

Founded: 2011
Total assets: KES 5.9 billion (USD 65.4 million)
Growth in 2014: 62 %
Branches: 19
Employees: 405
Loan volume: KES 3.3 billion
Deposits: KES 2.8 billion
Clients: 107,000

* as of 31.12.2014

→ chasebankkenya.co.ke
→ rafikibank.co.ke

6 – Rafiki client Tenacity Locks Ltd sells locks and offers key cutting services.

7 – Rafiki Microfinance Bank was launched by Chase Bank in 2011. Today, it is the fourth-largest microfinance institution in Kenya and grew by 62 % in 2014.

8 – Established as a professional bank from the start, Rafiki offers clients a broad range of services.
developed in Sub-Saharan Africa and is growing at between 10% and 20% each year. How is the new market entrant Rafiki – which started off as an idea on a drawing board conceived by a commercial bank – positioning itself relative to its competitors?

“As a professional bank,” emphasises Duncan Kabui. This is where the strength of Rafiki’s parent company, Chase Bank, comes into play. In contrast to most microfinance institutions (MFIs), which have often evolved from non-governmental organisations and start out by only providing loans, Rafiki immediately applied for a licence that would allow it to offer a broader range of bank products and services, including loans, savings products and payment transactions. True to its name, which means ‘friend’ in Swahili, Rafiki is committed to delivering good client service – an attribute that helps to set it apart from the competition. This has proved successful: The MFI is achieving an annual growth rate of over 60% and is continuously conquering new segments of the local market.

Chase Bank is able to draw on its own expertise in the areas of banking services and has brought specialists on board for the microloans business. From its base in Nairobi and Mombasa, the team at Rafiki has – over a period of just three years – built up a network of 19 branches that complements Chase Bank’s existing network. Although savings deposits helped Rafiki to finance part of its growth from the start, the MFI requires additional capital to fund its expansion.

**Active role for investors**

In July 2013, responsAbility became the first company to provide international capital to Rafiki. This financial commitment was further strengthened in November 2013 with the acquisition of a stake in Chase Bank. Michael Fiebig, Head Financial Institutions Equity Investments at responsAbility, explains: “We were impressed by how rapidly and efficiently a domestic Kenyan-owned bank had been able to build up a very successful microfinance bank. Thanks to the banking expertise of its parent company, Rafiki is today very well positioned to enrich Kenya’s financial sector with its offering and to perform one of the main roles of microfinance: the development of a properly functioning financial sector that gives large segments of the population access to formal financial services.”

In connection with its existing stake in Chase Bank, responsAbility has an observer seat on the bank’s Board of Directors. In addition, responsAbility has a seat on the Board of Directors of Rafiki itself and acts as an advisor to the subsidiary. According to Duncan Kabui, this is the most important contribution that responsAbility makes in this context. Michael Fiebig explains: “Our investment vehicles have been investing in the field of microfinance for 12 years and now reach 349 MFIs in 77 countries. We can put our expertise to good use to ensure that the company is well positioned to achieve long-term success.”

**Successful transfer of knowledge**

As an example of how this type of knowledge transfer takes place, responsAbility invited Rafiki’s management team to visit a microfinance market that is in a completely different phase to Kenya’s booming microfinance sector back in January 2014. “In Albania, many MFIs are currently recovering from the worst crisis in their history,” says Michael Fiebig. “We know from this experience that extreme discipline when making lending decisions and the use of proper processes for the collection of loan repayments are what matter in this phase. MFIs must be prepared for such crises and must operate accordingly,” he explains. Rafiki has already learned lessons from this and has centralised its credit management function and its collection department. “The positive effect this had on portfolio quality soon became clear,” comments Duncan Kabui.

There is no sign of a crisis in Kenya at present. The economy is booming and the microfinance sector is continuing to expand. Rafiki and Chase Bank are growing more rapidly than the market but are focusing very clearly on portfolio quality and on the controlled expansion of the business. This includes growing beyond Kenya’s borders into the thriving economic region of East Africa. “Our company’s need for financing will continue to increase – in terms of both equity and debt capital,” states Duncan Kabui. “With responsAbility, we have a solid financing partner at our side – including for the next stage in our growth.”
Energy consumption is projected to rise by 35–40% from 2012 to 2035, with 95% of the growth in demand expected to come from emerging markets. Biomass is one source of renewable energy production.
Emerging economies are hungry for electricity

The global demand for energy is continuing to grow. Over the next few decades, a combination of population and income growth and an unprecedented expansion of the middle classes are expected to create new demands, ranging from the need for increased energy production to the demand for access to off-grid energy solutions and energy-efficient appliances. Energy consumption is projected to rise by 35–40% from 2012 to 2035, with 95% of that growth expected to come from emerging markets. When dozens of countries and billions of people move up the development ladder, as they are doing today, this has a broad impact on wealth creation and progress. It also opens up attractive opportunities for investors across a range of sectors – each affected by, though not necessarily directly linked to, the growing demand for energy.

Energy demand trends vary around the world as countries move along different trajectories in terms of key demand drivers. As households in Asia join the middle classes, the proportion of their budgets devoted to modern conveniences such as refrigerators, fans, washing machines and air conditioners increases. In Sub-Saharan Africa, the expansion of the working-age population is one of the main factors behind the rise in energy consumption. In order to benefit fully from this demographic change, African countries require access to other key drivers of economic growth – particularly education and healthcare, industry and technology. Most, if not all, of these drivers are also dependent on energy.

Importance of private sector investments

The challenge is to find ways of managing and meeting the increased demand for energy affordably, sustainably and securely. There are many obstacles that must first be overcome, including the fact that the amount of capital needed annually in order to achieve this objective is expected to rise sharply from its current level of around USD 2 trillion.

In the financial sector, public and private investors are allocating capital to on-grid and off-grid renewable energy projects. While public funds represent a readily available source of capital, there is a recognised need for the private sector to help close the financing gap. For example, private equity provided for the construction and operation of small-scale hydro-power plants in remote parts of Kenya has the potential to leverage the country’s still unexploited 2,970 MW of small hydro power. Loans made to off-grid solar companies may help to supply electricity to hundreds of thousands of Indian households that lack access to grid-tied electricity. Off-grid solar lanterns and home systems have the potential to provide access to energy to the total of around 1.3 billion people worldwide who are currently unserved.

Energy demand is not only about growth; however: it is also about using energy more efficiently – in everything from vehicles and appliances to industry. Without efficiency gains, global energy demand would grow by 140%, instead of the current projection of 40%. Energy efficiency is also an attractive starting point for reducing greenhouse gas emissions, which are expected to be around 6 billion tonnes higher in 2040 than they were in 2010. Rising greenhouse gas emissions place undue pressure on food and water supplies; they also act as a risk multiplier that exacerbates other problems such as poverty, disease and security that many emerging economies are struggling to address. The future of global energy is therefore also about reducing CO2 emissions. While every country has its own unique set of priorities and resource constraints, almost every nation worldwide – irrespective of its specific circumstance – must work to find solutions that can help to reduce emissions without harming the ability of its population to achieve greater prosperity.

Favourable framework promotes investment

Today, a combination of favourable government policies, technological advances and an awareness of renewable energy solutions among emerging market consumers makes the objectives of achieving energy access and efficiency not only more viable but also more investible. responsAbility has expanded its activities in the energy sector by financing renewable energy technologies, energy access initiatives and energy efficiency upgrades. All of these areas offer opportunities for investors in a broadly diversified growth sector.

Comparison of electrification rates and costs of energy production

<table>
<thead>
<tr>
<th></th>
<th>Electrification rate (left-hand axis)</th>
<th>Cost of power production per kWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>0.02</td>
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<tr>
<td>South Asia</td>
<td>0.04</td>
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<tr>
<td>China and East Asia</td>
<td>0.14</td>
<td>0.16</td>
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</tbody>
</table>

1 Source: BP Energy Outlook 2035, 2014
2 Source: The Outlook for Energy: A View to 2040, ExxonMobil, 2015
India’s demand for energy is soaring – and still far exceeds the country’s available energy supply. Coal is presently the most important component in the energy mix – but renewable energies are gaining ground and could potentially contribute 14 % of total energy production. Punjab Renewable Energy Systems (PRES), a Mumbai-based company, ensures a functioning biomass supply chain and is benefitting from the growth potential of this sector.

India is the world’s second most populous country and has one of the fastest-growing economies globally. In fact, from a base of USD 1.9 trillion, India’s GDP is growing by an average of 7.5 % annually. This economic development is fuelling the constant rise in the demand for energy in a nation where only 75 % of basic energy needs are currently met.

The view that only wealthy nations can afford to use environmentally friendly energy sources has long prevailed. However, the high cost of fossil fuels and the emergence of new technologies are now also making renewable energy sources attractive to developing countries. Although coal still accounts for 71 % of energy production in India, increasing use is being made of clean energy sources.

In 2013, renewables only accounted for 5.5 % of energy production. Monish Ahuja, Managing Director of PRES, which specialises in biomass energy supply chains, cites one reason why this potential has not been exploited: “India is an agricultural country and produces 120–150 million tons of surplus biomass as a waste product each year. Due to a lack of properly functioning supply chains, about 91–92 % of this biomass is left lying or is burned in the fields. A proportion of it is used as fuel but the remainder, around 109–139 million tons each year, is simply burned and literally goes up in smoke.”

This is exactly where PRES and its business model come in. “We collect biomass through a network of village level entrepreneurs (VLEs) and then deliver it to power stations and manufacturing companies,” explains Monish Ahuja. “They then burn the biomass as an alternative to fossil fuels, generating cost savings of 15–20 % in the process. As a result of their work, the VLEs receive an additional monthly income of around USD 660, and the farmers benefit from the fact that after the harvest, their fields are

From farm to furnace: promoting the use of biomass

Punjab Renewable Energy Systems (PRES), India
3 – PRES supplies teams of labourers and the necessary machinery to collect biomass.

4 – Clearing the fields for the next season.

5 – Shrikant Shinde from Shendra Green Energy Ltd: "Sourcing biomass is a challenge."

6 – Shendra Green Energy plans to achieve growth of over 15% in 2015.

7 – The plant feeds 13 MWh into the state power network every year.
cleared of plant remains that cannot be used – generating savings of around USD 50.”

One of PRES’ clients that benefits from regular deliveries of biomass is the power plant operator Shendra Green Energy Ltd. in Aurangabad. The plant commenced operations in 2008 and produces 13 MWh of electricity per year, which it feeds into the state power network. Shrikant Shinde, Assistant Vice President of Shendra Green Energy in Aurangabad, says that being able to source high-quality biomass is the biggest challenge that his company faces. “In 2009, we used 20,000 tons of biomass. By 2012, this figure had already risen to 100,000 tons,” explains Shinde. “We are planning to achieve growth of over 15% in 2015. Biomass is available but it is difficult to secure reliable supplies,” he adds.

The service offered by PRES represents the ideal solution, and Shendra Green Energy is one of the clients with whom the company has signed a multi-year contract. Monish Ahuja says that in addition to power plants, PRES’ services are mainly attracting the interest of manufacturing companies. “India’s energy supply is not reliable and many industries have their own generators. We are making them aware of the cost benefits of biomass and are, at the same time, gaining more and more of them as clients.”
PRES is aligning its business strategy accordingly. Wherever the company establishes a new presence, it then tries to attract as many clients as possible in the surrounding area. From each of its locations, PRES currently covers a radius of approximately 25 km, and its next goal is to increase this radius to between 100 and 200 km. At the same time, PRES is gaining clients that operate in multiple locations. Monish Ahuja explains: “In the sugar processing industry in particular, large companies operate a number of plants. By concluding supply contracts with these clients, we can rapidly drive forward the growth of our business.”

In addition to establishing new locations, PRES is focusing on expanding its product range. The biomass delivered by the company mainly comes fresh from the fields but in future, PRES wants to be able to deliver the product even when there will not be any remains left over from the harvest. One solution is to use biomass waste from the agricultural industry. When peanut oil is produced, for example, the peanut shells – which have an energy value – are left over. In addition to its existing activities, PRES is now also tapping into this energy source.

As the next stage in its development, PRES wants to be able to supply biomass at any time of the year. This can be achieved through the targeted cultivation of rapidly growing crops that can then be processed to produce briquettes and pellets. Monish Ahuja explains: “The cost of this type of energy is higher due to processing but it also becomes possible to store and transport the product. Rules regarding the use of green energies are already in place and they are likely to become even stricter in the future. By offering preserved forms of biomass energy, we are responding to this demand. In three to five years, we want to operate on an international level and on a much larger scale.”

Organic growth and the expansion into new areas of business require resources. responsAbility has held a stake in PRES through one of its investment vehicles since 2012. Rik Vyverman, Head Ventures Equity at responsAbility, describes the company’s potential as follows: “For responsAbility, PRES is an attractive investment that not only has the potential to reach scale and deliver an attractive financial return but also a significant development and environmental impact. The company has used an asset-light business model to become the leading biomass supply company in India, a country with an abundance of biomass that currently is mainly burned in the fields and, as such, causes environmental damage and does not create any economic value for anybody.”

Monish Ahuja adds: “With its expertise and considerable commitment, responsAbility has, for the past two years, been ensuring that we achieve our growth targets – even within an ambitious timeframe. responsAbility has shown that it wants to engage in a long-term partnership with PRES and is thus supporting us as we make the transition from a niche provider to a national and internationally active biomass supplier.”

Punjab Renewable Energy Systems Pvt Ltd

Headquarters: Mumbai, India
Employees: 47
Clients: 21 (including for briquettes)
Number of locations: 5
Village level entrepreneurs (VLEs): 135
Number of supply partners (farmers): 33,750
Total payments to VLEs: USD 4.8 million
Savings for farmers: USD 4.0 million
CO₂ savings due to use of biomass as an alternative to coal: 109,000 tons
CREATING LONG-TERM VALUE

“This is what we aim to achieve by investing in private, non-listed companies in the world’s most dynamic economies.”
Strong growth accompanied by sustained capacity expansion

responsAbility’s assets under management grew by a further 28% to USD 2.4 billion in 2014. Adjusted for currency effects, the increase in assets under management was 32%. This is in line with trends within the sector and reflects the strong demand for sustainable and profitable investments in global growth markets.

Continued record low interest rates, massively expanding central bank balance sheets and the Swiss National Bank’s decision to discontinue the minimum exchange rate for the Swiss franc against the euro were some of the main challenges facing asset managers in their investment activities in the financial year 2014 and in early 2015. Switzerland is in the process of transforming its financial centre in order to increase investment management capacity. Cross-border regulations are therefore being adapted to preserve Switzerland’s competitiveness. The trend towards sustainable investing is continuing, with the volume of sustainable investment having reached a new high in 2014.

The developing countries and emerging economies in which responsAbility invests have better medium to long-term growth prospects than industrialised nations. The development-related sectors of the countries on which our investments are focused remain attractive: These sectors serve the basic needs of broad sections of the population and are experiencing continued and robust growth in demand. Against this backdrop, we continued to expand our investment activities in 2014. Compared to 2013, the number of companies in our portfolio increased from 460 to 531 and our number of investment countries rose from 84 to 93. The breakdown of investments by region shows the particularly strong increase in our volume of investments in the growth markets of Asia-Pacific (+50%). India replaced Peru as responsAbility’s largest investment market in 2014.

Assets under management reach USD 2.4 billion

responsAbility once again recorded strong inflows of assets in 2014. As in the two previous years, assets under management increased by around USD 500 million, reaching USD 2.4 billion at the end of 2014. Adjusted for currency effects, the increase would have totalled almost USD 600 million. The volume of assets under management of our fixed income funds reflects the weakening of the investment currency (Swiss franc) against the fund currency (US dollar). The Swiss National Bank’s decision to discontinue the minimum exchange rate for the Swiss franc against the euro in...
early 2015 had virtually no impact on our portfolios and our investment performance.

In the current low interest rate environment, our fixed income investments with target returns of 3–5% proved particularly attractive for investors: As they are not subject to the usual market valuations and corresponding effects, drawdowns due to rising interest rates are no issue here. Similarly, these investments do not generally display the volatility that is typical of publicly traded emerging market investments since we invest in non-listed companies and sectors that are largely immune to global capital market developments.

Increase in equity investments

The search for attractive investment opportunities by investors also had a positive impact on the volume of equity investments. In the financial sector in particular, we were able to significantly increase existing volumes by means of a successful capital increase for one of our investment vehicles.

In response to the trend towards retrocession-free funds, we launched retrocession-free fund share classes for almost all of our funds. As a result, we can now serve banks and asset managers with a diverse range of business models. In addition, we launched new tranches with graded minimum amounts and adjusted our fee schedules accordingly, making our clients' investments in responsAbility funds more cost-effective.

We observed continuously high levels of demand for our fixed income investments in the financial sector from both institutional and retail investors. This resulted in inflows of USD 272 million, with total assets under management reaching USD 1.8 billion. With a solid 12-year investment track record and a range of 12 investment products, responsAbility is not only one of the world’s largest private microfinance investors but also one of the most experienced investors in this market. Equity investments in the financial sector also recorded strong growth of USD 41 million, bringing the total investment volume to USD 142 million.

With investments totalling USD 126 million (2013: USD 89 million), at year end, responsAbility has established itself as one of the world’s leading financing providers in the area of fair trade and agriculture. We currently invest in 35 agricultural commodities, with crops and seeds achieving the strongest volume growth. In 2014, we also continued to significantly increase the diversification of our agricultural sector investments: As of the end of 2014, our portfolio included 100 companies in 42 countries.

Having won an external fund management mandate for an existing fund focusing on climate change, energy efficiency and CO₂ reductions in developing countries, our volume of investments in the energy sector grew by USD 230.2 million in 2014. In addition, we launched two other vehicles in the energy space that focus on...
renewable energy production and access to renewable energies. In view of our solid, broad-based investments in the energy sector, we expect to see the highest future growth rates in this area.

Growing share of institutional investors
The diversification of our investor base continued to increase in 2014. Reflecting the sustained performance and rising net asset value of our investment products, institutional investors and banks accounted for an increasing proportion of assets under management. At 42%, they now match the proportion of retail investors who generally invest with us through banks and asset managers. The share of public sector investors has increased significantly and now stands at almost one-fifth of our total investment volume. responsAbility focuses on investors in Switzerland, Germany, France, Benelux and the Nordic countries.

2014 marked a turning point for many managers of alternative investments: The EU’s Alternative Investment Fund Managers Directive (AIFMD) came into effect in summer 2014. The AIFMD is designed to create standardized and transparent governance for alternative investments across the EU. responsAbility has aligned itself with these new EU regulations and has established a Luxembourg-domiciled company, responsAbility Management Company S.A, for the management of alternative investments. The AIFMD facilitates the EU-wide distribution of our regulated products and offers us improved access to qualified investors across Europe.

responsAbility continued to grow its presence in its investment and investor markets in 2014. The company expanded its local offices, which now have their own due diligence capabilities and comprehensive risk management functions in Lima, Mumbai, Nairobi and Paris. In addition, we opened new offices in Bangkok, Hong Kong and Luxembourg in early 2015 and now also have an office in Oslo. New specialists have joined responsAbility in our regions as well as in our Zurich head office, enabling the company to successfully manage its overall investment value chain.

As in previous years, responsAbility continued to build solid foundations for growth in 2014 by actively expanding its capacity. In this way, the company plans to leverage additional economies of scale and to meet strong market demand with its professional offering.

### Impact of companies financed directly by responsAbility

<table>
<thead>
<tr>
<th>Impact of companies financed directly by responsAbility</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>Change 2014 vs 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies</td>
<td>310</td>
<td>266</td>
<td>259</td>
<td>17%</td>
</tr>
<tr>
<td>Turnover (USD million)</td>
<td>12,081</td>
<td>9,148</td>
<td>8,647</td>
<td>32%</td>
</tr>
<tr>
<td>Profit after taxes (USD million)</td>
<td>1,439</td>
<td>1,322</td>
<td>1,140</td>
<td>9%</td>
</tr>
<tr>
<td>Taxes (USD million)*</td>
<td>386</td>
<td>341</td>
<td>292</td>
<td>13%</td>
</tr>
<tr>
<td>Number of employees (thousands)</td>
<td>209</td>
<td>175</td>
<td>152</td>
<td>19%</td>
</tr>
<tr>
<td>Proportion of female employees</td>
<td>40%</td>
<td>42%</td>
<td>38%</td>
<td>–2%points</td>
</tr>
</tbody>
</table>

* Tax data are based on an estimated average tax rate of 25% for positive net income.

→ For comprehensive reports on our investment products, visit: [www.responsAbility.com](http://www.responsAbility.com)
Growth in assets under management strengthens development impact

As a result of the strong growth in assets under management, responsAbility reached more investees and end-clients in 2014 than in the previous year, thus achieving a greater development impact. Since the number of companies financed by responsAbility rose significantly, the resulting number of jobs created and the volume of tax revenues and profits generated also increased. responsAbility’s approach to impact measurement focuses on outputs, since its investments are made exclusively in sectors where there is a clear causal link between outputs and outcomes (see opinion piece on page 9).

responsAbility invests in sectors that drive economic development and social progress in developing countries and emerging economies. Investments are focused on innovative business models that serve the basic needs of large segments of the population, particularly low-income households and micro, small and medium enterprises (MSMEs). These investments have substantial market potential. To realize this potential, the financed companies must be efficient, profitable and capable of achieving growth. Not only do such factors facilitate development but they also generate financial returns for investors.

The growth in assets at asset manager level also plays an important role in determining the degree of development impact achieved. The 28% growth in responsAbility’s assets under management to USD 2.4 billion reflects the increased investment flows into the development-related sectors of developing countries and emerging economies. This shows that development investment financing is both an attractive market and an increasingly important channel for the financing of development.

At investee level, responsAbility tracks the impact of the companies that it finances directly by measuring outputs. Investees provide access to services that can be measured by output indicators such as the number of borrowers. It is difficult to measure the outcome of the improvement that can be achieved by financing the growth of small businesses. However, as this outcome would not be possible without the output, the output indicator is a suitable measure of outcome. responsAbility’s output indicators are IRIS aligned1 and are tracked at sector and company-wide level. Outputs tracked across sectors, such as taxes paid and revenue generated, reflect the impacts of investments on the broader economy looking beyond specific sector-level goals.

Since the growth of investees is central to maximising development impact, the measurement of outputs that are relevant for their strategic development forms a key part of responsAbility’s measurement process. The ability of institutions financed by responsAbility to provide basic services for which low-income populations are willing to pay is demonstrated by their aggregated sales revenue of USD 12 billion—an increase of 32% compared to 2013. As an output indicator, sales revenue is broadly indicative of the associated outcome of improved livelihoods due to improvements in access to basic services. Total revenues reflect the level of services provided because clients pay for their services.

The profitability of companies financed by responsAbility is another key indicator of their potential development impact. As profitability is necessary for long-term growth, the 9% increase in the aggregated profit after taxes of direct investees compared to 2013 is an encouraging sign of their collective success and growth potential. The efficiency of responsAbility’s partner institutions is also key to achieving economic and development impact, as greater efficiency leads to greater profits and more capital to invest in growth.

responsAbility’s investees also contribute to development by creating employment, which improves the livelihoods of low-income populations and enables them to invest in education to build a better future for their families. Out of a total 209,000 individuals employed by these institutions, 40% are women. This figure is significant since women around the world continue to face legal and cultural barriers in their efforts to secure gainful employment. The financing provided by responsAbility’s investees is opening up new opportunities that women in developing countries were previously unable to access.

Through the payment of taxes, institutions also contribute to social and economic development in their respective countries: tax revenues help to fund infrastructure improvements, for example. responsAbility investees paid a total of USD 386 million of taxes in 2014, an increase of 13% compared to 2013.

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1 IRIS is the catalogue of generally-accepted performance metrics that leading impact investors use to measure the social, environmental, and financial performance of their investments.
Agriculture remained an important investment theme for responsAbility in 2014 as we celebrated a third year of success for our dedicated agriculture fund.

responsAbility generated renewed strong portfolio growth in the agricultural sector in 2014, with a total of USD 126 million invested by the end of the year – an increase of 42% compared to the end of 2013. The amount of financing provided in the course of the year rose by 61% to USD 183.7 million. The average financing term increased to 9.7 months, reflecting both our diversification away from coffee and cocoa – which have short average maturities – and a concerted effort to pursue transactions with longer terms. Furthermore, the number of agricultural organisations directly financed by responsAbility increased by 11% to a total of 95. responsAbility expanded the number of countries in which it has agricultural exposure from 34 to 42. The new countries in which responsAbility is active include Vietnam, Tanzania and Armenia.

Climate and weather events cause volatility

In 2014, the world commodity markets were more volatile than usual due to meteorological forecasts that 2014 and 2015 would see the return of El Niño – a climatic phenomenon that disrupts precipitation, temperature and wind patterns and has a major impact on world commodity prices. Despite these forecasts, El Niño has not occurred, although the possibility of a mild impact in the coming months cannot be excluded. Many of the commodities in which responsAbility invests nevertheless experienced heightened volatility throughout 2014 as markets priced in the effects.

The price of coffee – the commodity to which responsAbility has the largest exposure in its agricultural portfolio – recovered from multi-year lows due to a series of bumper harvests by major producers. Coffee prices soared following a prolonged period of drought in Brazil, the world’s leading producer. Furthermore, Central American and Peruvian producers continued to recover from the coffee rust outbreak that started in 2012. While high prices benefit producers and generate an increased demand for financing for responsAbility, price volatility can have a destabilising effect. responsAbility closely examines new deals to ensure that investees are able to absorb the impacts of increased volatility.

On the demand side, coffee consumption is expected to experience strong growth in the medium term as consumer spending in the US and the EU – the world’s largest coffee-drinking nations – continues to expand on the back of their respective economic recoveries. Over the long term, the growth in demand will be driven by increased consumption in Latin America and Asia.

Commodity diversification

Our range of agricultural investments also expanded to include 12 new commodities, of which tara, chia and pomegranate are 3 examples. This increased diversification explains the decrease in the proportion of organic and fair trade certifications in responsAbility’s portfolio. While these certifications are ubiquitous in the coffee and cocoa sectors, they are less common in the case of more ‘exotic’ commodities. Most of the commodities recently incorporated into responsAbility’s agricultural investment portfolio represent niche markets where certifications are rare and where there is less need for minimum pricing, given the high prices already paid to producers of these commodities. However, these commodities are often overlooked with regard to financing because other markets, such as coffee, are more established.

In regions with more fragile ecological systems, organic certification is still required to ensure the protection of the environment. The proportion of products financed by responsAbility institutions that have alternative certifications rose by 8% in 2014, reflecting responsAbility’s move into new commodities and geographies where traditional certifications are less common.

Highlights in 2014

USD 126 million invested in companies along the agricultural value chain at the end of 2014

95 agricultural producers or aggregators active in developing countries reached through investments

42 countries with direct agricultural investments in the portfolio at the end of 2014 – and increase of 8 compared to 2013

35 commodities financed at the end of the year – now including tara, chia and pomegranate, amongst others
Development of financed companies in the agricultural sector
as of 31.12

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural investments made in the course of the year (USD million)</td>
<td>183.7</td>
<td>113.8</td>
<td>80.6</td>
<td>61%</td>
</tr>
<tr>
<td>Outstanding amount as per 31.12. (USD million)</td>
<td>126.0</td>
<td>88.8</td>
<td>55.3</td>
<td>42%</td>
</tr>
<tr>
<td>Directly financed companies p.a.</td>
<td>95</td>
<td>86</td>
<td>66</td>
<td>11%</td>
</tr>
<tr>
<td>Countries with directly financed companies p.a.</td>
<td>38</td>
<td>32</td>
<td>25</td>
<td>19%</td>
</tr>
<tr>
<td>Average term of financing p.a. (months)</td>
<td>9.7</td>
<td>8.3</td>
<td>9.5</td>
<td>17%</td>
</tr>
</tbody>
</table>

Impact of financed companies in the agricultural sector
as of 31.12

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of smallholder farmers</td>
<td>257,259</td>
<td>280,751</td>
<td>216,321</td>
<td>−8%</td>
</tr>
<tr>
<td>Number of female smallholder farmers</td>
<td>77,540</td>
<td>62,493</td>
<td>48,203</td>
<td>24%</td>
</tr>
<tr>
<td>Number of smallholders reached</td>
<td>107,960</td>
<td>68,256</td>
<td>31,666</td>
<td>58%</td>
</tr>
<tr>
<td>Number of employees at directly financed cooperatives</td>
<td>11,295</td>
<td>6,296</td>
<td>4,240</td>
<td>79%</td>
</tr>
<tr>
<td>Number of female employees at directly financed cooperatives</td>
<td>4,624</td>
<td>2,219</td>
<td>1,168</td>
<td>108%</td>
</tr>
<tr>
<td>Organic production as a percentage of overall production</td>
<td>28%</td>
<td>40%</td>
<td>28%</td>
<td>−12% points</td>
</tr>
<tr>
<td>Fair trade production as a percentage of overall production</td>
<td>24%</td>
<td>30%</td>
<td>40%</td>
<td>−6% points</td>
</tr>
<tr>
<td>Alternatively certified production as a percentage of overall production</td>
<td>16%</td>
<td>8%</td>
<td>13%</td>
<td>+8% points</td>
</tr>
</tbody>
</table>

Top 10 of 42 investment countries in the agricultural sector
% of total USD 126 million, as of 31.12.2014

A valuable source of employment

As a result of the significant increase in the number of countries and commodities covered, the number of smallholders who are members of organisations financed by responsAbility reached 257,259 in 2014. The number of smallholder farmers reached by responsAbility – i.e. members who can be shown to have benefited from financing provided by responsAbility – grew by over 58% to 107,960. Not only do these organisations provide services to smallholder farmers but they are also a valuable source of employment. The number of employees at directly financed organisations increased to over 11,000 employees in 2014 and the proportion of female employees rose to 41% from 35% in 2013.

Impact

- **As a result of the significant increase in the number of countries and commodities covered, the number of smallholders who are members of organisations financed by responsAbility reached 257,259 in 2014.**
- The number of smallholder farmers reached by responsAbility – i.e. members who can be shown to have benefited from financing provided by responsAbility – grew by over 58% to 107,960.
- Not only do these organisations provide services to smallholder farmers but they are also a valuable source of employment. The number of employees at directly financed organisations increased to over 11,000 employees in 2014 and the proportion of female employees rose to 41% from 35% in 2013.

### Sectorial reporting

- **Paraguay** 9.9%
- **Peru** 8.8%
- **India** 7.8%
- **UK** 7.5%
- **Costa Rica** 5.8%
- **Honduras** 5.6%
- **Turkey** 5.2%
- **Bolivia** 4.8%
- **Côte d’Ivoire** 4.6%
- **Switzerland** 4.6%

*Trading organisations focusing on the developing world*

### Investment per agricultural commodity (group)
% of total USD 126 million, as of 31.12.2014

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>Change 2014 vs 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>38.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grains and seeds</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fruit and vegetables</td>
<td>5.2%</td>
<td></td>
<td></td>
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<tr>
<td>Cocoa</td>
<td>9.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nuts</td>
<td>13.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Herbs, spices and oils</td>
<td>21.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>3.6%</td>
<td></td>
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### A valuable source of employment

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### Impact of financed companies in the agricultural sector
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</tbody>
</table>
In 2014, the investment volume was divided between 349 counterparties in 77 countries (2013: 67). A total of 32% of investments in the financial sector were made in Central Asia, followed by 19% in Asia-Pacific and 18% in South America. Growth was particularly strong in Central America (+42%) and Sub-Saharan Africa (+33%).

Access to local currency financing protects investees against currency risks and enables them to focus on operational issues, thus supporting growth and the expansion of their offering. In 2014, 21% of the financing provided to these institutions was supplied in 36 local currencies.

In addition to offering debt financing, responsAbility participates in the increasingly dynamic private equity market, targeting microfinance institutions with a strong track record. At the end of 2014, equity financing accounted for 8% of the total investment volume in the financial sector. responsAbility investment vehicles invest directly in 12 and indirectly in a further 106 institutions. As a shareholder, responsAbility plays an active role in supporting the strategic development of investees.

responsAbility has invested in organisations that are maturing and widening their range of financial services. This development is often reflected by a change in regulatory status, which is an important factor driving the development of an efficient financial sector in emerging markets (see graph at the top of page 47).

At responsAbility, we systematically measure financial sector development by monitoring a core portfolio of 100 financial investees that remains constant over time. The core portfolio reflects the relative importance of individual markets and is geographically diversified. responsAbility currently has USD 1.3 billion invested in these institutions.

The 100 institutions in our core portfolio have total assets of USD 56.5 billion and collectively manage a credit portfolio of almost USD 41.5 billion that benefits 29 million borrowers (+22%).

In local currency terms, 90 of these institutions saw their credit portfolio grow in 2014 (total growth: +19%). The highest growth rate was once again achieved in Asia-Pacific and the lowest was recorded in Eastern Europe, in line with the entire responsAbility portfolio. The institutions within the core portfolio not only grew their credit base but also their savings base (+10%).
Development of financed companies in the financial sector as of 31.12

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment volume (USD million)</td>
<td>1,792</td>
<td>1,639</td>
<td>1,120</td>
<td>9%</td>
</tr>
<tr>
<td>Number of MFIs</td>
<td>349</td>
<td>318</td>
<td>299</td>
<td>10%</td>
</tr>
<tr>
<td>Number of countries</td>
<td>77</td>
<td>67</td>
<td>62</td>
<td>15%</td>
</tr>
<tr>
<td>New investments p.a. (USD million)</td>
<td>682</td>
<td>794</td>
<td>590</td>
<td>-14%</td>
</tr>
<tr>
<td>Number of transactions p.a.</td>
<td>583</td>
<td>636</td>
<td>498</td>
<td>-8%</td>
</tr>
<tr>
<td>Average transaction term (months)</td>
<td>35.9</td>
<td>29.4</td>
<td>29.3</td>
<td>+22%</td>
</tr>
<tr>
<td>Percentage of loans in local currencies (excl. USD and EUR)</td>
<td>21%</td>
<td>31%</td>
<td>22%</td>
<td>-10%points</td>
</tr>
</tbody>
</table>

Reaching out to over 32 million savers and borrowers

In total, the financial institutions financed through responsAbility funds serve more than 32 million borrowers, an increase of 24% compared to 2013. The average borrower obtains a loan of USD 1,662 with a term of 22 months. In total, 49% of borrowers live in rural areas and 77% are women – a slight increase compared to 2013. The financial institutions that receive financing from responsAbility have an outstanding credit portfolio of USD 54 billion.

The ability of financial institutions to offer savings products is also important in providing increased access to other basic financial services in developing countries. The financial institutions serve 32.4 million end-clients who have deposited a total of USD 41 billion of savings. They are also an important employer in emerging markets, with over 196,000 employees – an increase of 17% compared to 2013.

Impact of financed companies in the financial sector as of 31.12

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of borrowers (millions)</td>
<td>32.4</td>
<td>26.1</td>
<td>20.0</td>
<td>24%</td>
</tr>
<tr>
<td>Number of clients with savings accounts (millions)</td>
<td>32.4</td>
<td>26.2</td>
<td>22.4</td>
<td>23%</td>
</tr>
<tr>
<td>Outstanding credit portfolio of MFIs (USD billion)</td>
<td>53.8</td>
<td>44.8</td>
<td>33.9</td>
<td>20%</td>
</tr>
<tr>
<td>Client savings deposits managed by MFIs (USD billion)</td>
<td>40.8</td>
<td>34.0</td>
<td>26.6</td>
<td>20%</td>
</tr>
<tr>
<td>Average loan size (USD)</td>
<td>1,662</td>
<td>1,717</td>
<td>1,693</td>
<td>-3%</td>
</tr>
<tr>
<td>Average loan term (months)</td>
<td>21.8</td>
<td>20.4</td>
<td>19.2</td>
<td>7%</td>
</tr>
<tr>
<td>Average savings deposits (USD)</td>
<td>1,261</td>
<td>1,298</td>
<td>1,189</td>
<td>-3%</td>
</tr>
<tr>
<td>Number of MFI employees (thousands)</td>
<td>196.4</td>
<td>168.0</td>
<td>138.0</td>
<td>17%</td>
</tr>
<tr>
<td>Percentage of microfinance clients living in rural areas</td>
<td>49%</td>
<td>51%</td>
<td>52%</td>
<td>-3%points</td>
</tr>
<tr>
<td>Percentage of female microfinance clients</td>
<td>77%</td>
<td>76%</td>
<td>75%</td>
<td>+1%point</td>
</tr>
</tbody>
</table>
Energy emerged as a key area for responsAbility in 2014 and is now the company’s second largest sector after finance in terms of its volume of assets under management. responsAbility’s energy portfolio encompasses the entire energy value chain, from energy production and energy access to the efficient use of energy. responsAbility offers energy financing in two different ways: It does so directly, providing debt and/or equity financing to enterprises such as small-scale hydropower plants and solar lantern companies, and also indirectly, supplying debt financing to financial institutions that subsequently provide loans for renewable energy and energy efficiency projects.

As energy is a relatively new sector for the company, the investment results are preliminary and the longer-term growth potential remains vast. By the end of 2014, responsAbility’s energy investments amounted to USD 231.8 million across 16 transactions. The investment volume is spread across 12 countries and encompasses both the energy access and energy efficiency subsectors. In 2014, 45.1% of responsAbility’s investments in the energy sector were made in Asia-Pacific, 32.3% in Latin America and 12.9% in Eastern Europe. Over time, Sub-Saharan Africa is likely to emerge as an important growth market.

In 2014, responsAbility provided direct financing for a total of three projects valued at USD 3.8 million. It provided indirect financing to 13 institutions, valued at USD 228 million. Of these investments, USD 230.2 million took the form of debt financing and USD 1.6 million comprised equity financing.

Mitigation of greenhouse gas emissions and energy savings

responsAbility sees its investments in energy as one step on the path towards economic development: Improved access to energy also generates a positive impact for many productive economic sectors, such as manufacturing and agriculture. responsAbility aims to systematically measure its contribution to this development across a collection of relevant outputs. Over time, greater access to energy, the mitigation of the harmful effects of greenhouse gas emissions and the efficient use of energy sources will become especially important impact metrics.

As responsAbility is still growing into the energy space, the scope of its impact measurement was still limited in 2014. Over time, however, responsAbility will monitor other metrics, such as the number of people with improved access to energy, the number of previously unserved households provided with access to energy, and the annual kilowatt per hour of renewable electricity produced and fed into the local and national grid.

Like in all sectors, responsAbility measures outputs in the energy sector rather than outcomes; all output measurements are IRIS-aligned1.

Impact of energy investments

| as of 31.12 |
| 2014 |
| Greenhouse gas emissions offset/mitigated2 | 266,000 t CO2/p.a. |
| Energy saved/conserved (kWh)2 | 712,000 MWh/p.a. |

1 see footnote on page 43
2 includes financed assets still generating savings
"This is what we do by creating industry-leading investment vehicles in the area of development investments."

ACCESS GROWTH MARKETS
Leadership

Led by a strong team

The team that manages responsAbility (from the left): Rochus Mommartz, Klaus Tischhauser Kaspar Müller, Christian Speckhardt

 MANAGEMENT BOARD

Klaus Tischhauser
Swiss, Co-Founder & CEO, Member of the Management Board since 2003

Role at responsAbility
Responsible for executive management, corporate strategy and the areas of Sales, Marketing & Communications, Product Management & Markets, Human Resources, Corporate Services and IT

Professional background
Degree in Business Administration from Zurich University of Applied Sciences and postgraduate degree in Ecology; more than 30 years of professional experience in the financial sector, including at Credit Suisse; helped to establish SAM Sustainable Asset Management; assisted in the execution of the first IPO of an SRI-focused investment company; launch of the first sustainability index with Dow Jones Indexes; founding of a consulting company specialising in environmental issues. Founding Chairman of Swiss Sustainable Finance.

Rochus Mommartz
German, Member of the Management Board since 2010

Role at responsAbility
Head of the Financial Institutions Equity, Ventures Equity, Research and Legal & Compliance departments and responsible for investment activities in East Africa and Asia

Professional background
Studied Economics and Mathematics in Frankfurt and Berlin; more than 25 years of experience in financial sector development; played a key role in the expansion of ProCredit Holding in Latin America; consultant on financial sector development in more than 40 countries; designed legal and regulatory framework for microfinance sector in 8 countries; member of the Board of Directors of various banks and funds for the last 10 years.

Christian Speckhardt
Swiss, Member of the Management Board since 2007

Role at responsAbility
Head of Debt Investments, Risk Management, Fund Management and Finance & Controlling; responsible for investment activities in Latin America, Eastern Europe, Middle East/North Africa, Caucasus and Central Asia

Professional background
MBA in Economics from the University of Zurich; 20 years of experience in the international banking and finance industry – initially in corporate and investment banking, followed by a position in credit risk management at Credit Suisse; helped to establish the Group Treasury function at Zurich Insurance; Head of Investor Relations at a listed private equity company; Group Treasurer of a Swiss cable and telecommunications provider.
Corporate governance

BOARD OF DIRECTORS

Kaspar Müller
Swiss, Chairman of the Board of Directors since 2005
Other mandates
Chairman of the Ethics Foundation; Chairman of Ethos Services SA; member of the Board of Directors of AWAG Anlage und Verwaltungs AG

Background
10 years working in the areas of analysis, strategic planning and corporate finance for a private bank; founding of Ellipson AG; member of the Board of Directors of AVAG Anlage und Verwaltungs AG, Basel, from 1991 to 2012; various publications on financial markets, corporate governance, sustainability and ethics.

Adrian Töngi
Swiss, Vice President, Member of the Board of Directors since 2008, COO and Member of the Executive Board of ARIZON Sourcing AG
Other mandates
Member of the Board of Swiss Bankers Prepaid Services AG; Member of the Board of Raiffeisen Vorsorgestiftung / Raiffeisen Freizügigkeitsstiftung

Background
Head of Operations at ARIZON Sourcing AG, a joint venture between Raiffeisen Switzerland and Avaloq.

Stephen Brenninkmeijer
Dutch, Member of the Board of Directors since 2003, private investor and entrepreneur
Other mandates
Trustee of NYTE UK; Member of the Board of Directors of NFTE Germany; Chairman of Social Stock Exchange, London; Trustee of Porticus UK; Member of the Board of OptiNose UK; Member of the Board of Grassroots Business Fund, Washington, DC; Chairman of The Mentoring Foundation, London

Background
Active role in his family business for 30 years; involved in impact investing since 2002; founded Willows Investments in 2008 with the aim of supporting ventures with a social mission

Ursula Lang
Swiss, Member of the Board of Directors since 2014, independent lawyer

Background
Studied law at the University of Zurich; attorney at a Zurich law firm; 15 years at Credit Suisse, where her final post was as General Counsel for Switzerland and the Private Banking & Wealth Management division; oversaw compliance for Switzerland; global responsibility for the prevention of money laundering.

Matthias Preiswerk
Swiss, Member of the Board of Directors since 2003, partner at Baumann & Cie Banquiers
Other mandates
Chairman of Eroca AG; Chairman of Immobilien-Gesellschaft St. Jakob AG; Chairman of Tennis an der Birs AG; Chairman of Zur Rotbuche Immobilien AG; Chairman of AVAG Anlage und Verwaltungs AG; Member of the Board of Directors of Providentia AG; Member of the Board of Directors of ImmoVision1 AG; Member of the Board of Directors of Grossmann AG

Background
Head of Portfolio Management (Institutional Clients) at Bank Sarasin & Cie from 1995; joined Baumann & Cie, Banquiers in 1999 and was made a partner in 2002.

Reto Schnarwiler
Swiss, Member of the Board of Directors since 2009, Head Americas & EMEA Global Partnerships at Swiss Re
Other mandates
Member of the Board of APA Life Assurance Limited; Member of the Board of APA Insurance Limited; Member of the Board of Apollo Investments Limited; Member of the Board of vertical LOGICS AG

Background
Studied Business Administration at the University of St. Gallen; holds an MBA in Financial Services & Insurance; joined Swiss Re in 1996 and has since held various senior positions; heads Swiss Re's global business activities with governments, development organizations and non-government organizations.

Christian H. Thommessen
Norwegian, Member of the Board of Directors since 2014, Chairman, owner and co-owner of private investment companies Vires Pauperem as, Sollund as and Constantia as
Other mandates
Chairman of responsAbility Nordics as; Chairman of Hovedstaden Utvikling as; Member of the Board of BL Capital; Member of the Board of BL Capital I; Chairman of Prospera Foundation; Member of the Board of SETI.

Background
Consultant and Engagement Manager at McKinsey, Scandinavia; various senior positions at Norsk Hydro and IBM; Co-Founder and Chairman of several companies, including Opera Software; Founding Director of the United Nations Development Programme (UNDP) Private Sector Division; manages his own impact investment vehicle, Vires Pauperem; advisory positions for the EU and the Norwegian government.

Dr. Arthur Vayloyan
Swiss, Member of the Board of Directors since 2006, private investor

Background
Holds a PhD in Physical Chemistry from the University of Berne and an MBA from INSEAD; member of the Executive Board of Credit Suisse Private Banking from 1992 to 2002; played a pivotal role in Credit Suisse’s engagement in microfinance; speaker and author on a wide variety of topics, ranging from nanotechnology to inclusive finance.
Committed to creating an impact

responsAbility’s success is driven by the expertise of its employees. As the company grows and expands its product range, the size and diversity of its workforce is also increasing. How does responsAbility ensure that the experts it employs from 37 different nations and a wide range of fields can rapidly form interdisciplinary teams that work together across borders – putting their knowledge to full use each day to achieve the company’s objectives?

A total of 184 employees from 37 different nations across 4 continents: this is how the team at responsAbility looked in early 2015. The strong growth in assets under management and the launch of new investment vehicles have created a need for new specialists from a wide variety of fields.

According to Karin Schoch, Head Human Resources at responsAbility, it is not only the size of the team but also its composition that is constantly changing. “Engineers and hydrologists have now joined our team as a result of responsAbility’s increased involvement in the energy sector,” she explains. “These specialists have valuable expertise in the area of energy generation that is essential when developing power plant projects, among other initiatives. Together with our existing team of finance specialists, they ensure that we have the necessary knowhow to develop innovative new investment vehicles.”

Other areas such as Risk Management are being adapted in response to changing requirements. This area previously focused on the assessment of investment risks but now covers the entire company and all areas of investment and is managed by a highly experienced risk specialist who has worked for some of the world’s leading insurance companies.

Karin Schoch explains that it is important for targeted steps to be taken to strengthen responsAbility’s existing team, since the company’s positioning is defined by the quality of services provided by its highly qualified employees. “responsAbility’s success is driven by the expertise of our people,” emphasises Karin Schoch. “Their attitude and conduct – and our corporate culture as a whole – are decisive factors determining our ability to deliver on our value proposition with consistently high quality.”

Which factors does responsAbility consider when selecting new employees? According to Karin Schoch, the company applies a thorough and strategic selection process: “On the one hand, we are clearly looking for individuals with a knowledge of the relevant specialist areas. Depending on the position concerned, the candidates may also need to have experience or qualifications. In recent years in particular, we have strengthened what was once a relatively young team by appointing a series of specialists with many years of professional experience. At the same time, it is important for employees to be motivated and to identify with the company’s objectives. responsAbility believes that commitment and a sense of personal responsibility are of the utmost importance. In return, it offers employees the opportunity to help actively drive the business forward. In view of its very specific fields of activity, it also requires team players who know how to build on responsAbility’s cultural diversity and who can collaborate successfully with colleagues in different departments or countries.”

Karin Schoch says that in terms of the expansion of its workforce, responsAbility is focusing primarily on recruiting more specialists to broaden its product range for investors, as well as experts who can identify suitable new opportunities for investment.

With new employees from 21 nations performing 46 different functions, the question arises as to how a rapidly growing company can ensure that all of these individuals come together swiftly to form a properly functioning team. Karin Schoch explains: “When I look at our employees, the first thing I notice is that they all want to do their best each day to achieve a specific objective. What motivates our people is the professional work they do – work that has an impact. That is the essence of our corporate culture – and is an aspect that both employees and clients name as one of responsAbility’s great strengths when asked about this in surveys. It is also what enables us to work together as a team within a short period of time, even when the composition of that team changes.”

Our team: specialists from 37 nations

<table>
<thead>
<tr>
<th>Location</th>
<th>Employees</th>
<th>Men</th>
<th>Women</th>
<th>Apprentices</th>
<th>Age</th>
<th>Working hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zurich</td>
<td>112</td>
<td>61%</td>
<td>39%</td>
<td>5</td>
<td>15–68</td>
<td>10–100%</td>
</tr>
<tr>
<td>Bangkok</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lima</td>
<td>16</td>
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</tr>
<tr>
<td>Luxembourg</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mumbai</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nairobi</td>
<td>19</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Oslo</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paris</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>184 (166.5*)</td>
<td>55%</td>
<td>45%</td>
<td>5</td>
<td>15–68</td>
<td>10–100%</td>
</tr>
</tbody>
</table>

* full-time equivalents
“What motivates me most in my work at responsAbility is …”

“… that I can develop unique investment products that enrich the investment market on a long-term basis.”  
Markus Beeler Head Product Management & Markets, 32 years of experience in the financial sector

“… that I can show my clients that they always have a choice – including when investing.”  
Maria Dolores Lamas Head Wealth Managers & Private Clients, 27 years of experience in the financial sector

“… the very international environment here at responsAbility and the importance that is assigned to cultivating good personal relationships.”  
Ahmad Nikzad Apprentice in first year of training in Zurich

“… that we strike the right balance between professionally structured processes and local knowhow.”  
Nancy Sommer Senior Risk Manager Agriculture, 11 years of experience in the areas of microfinance and agricultural investments

“… being able to contribute to improvements in sustainable agriculture across multiple Asian countries.”  
Anshul Jindal Investment Officer Agriculture, 8 years of experience in financing businesses in the food and agriculture value chains

“… having the opportunity to assume responsibility in various roles, with plenty of scope to use my own initiative.”  
Antoine Prédour Team Head Global Climate Partnership Fund, previously Investment Officer, 15 years of experience in the finance industry

“… our team of experts who identify with the company’s mission of promoting economic growth and development.”  
Jessica Magaly Díaz Núñez Investment Officer Debt Financing, 4 years of investment experience across Latin America

“… the opportunity to work with an international team to invest in renewable energy companies in East Africa.”  
Joseph N’gan’ga Energy Project Head, 20 years of experience in the investment space across Africa, with a focus on renewable energy

STAYING PRAGMATIC AND REALISTIC

“This is what it takes to successfully build a track record of diverse investment products in the area of development investments.”
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