

CASPIAN IMPACT INVESTMENTS

SOCIAL PERFORMANCE REPORT FY 2017-2018

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FOREWORD

We are pleased to publish the Caspian Impact Investments Social & Environmental Performance Report for the financial year ended March 2018.

Caspian Impact Investments (CII) is the third fund vehicle promoted by Caspian. Caspian set up CII because we had identified a strong market need for debt in the financial inclusion and small & medium enterprise space. CII is a multisector debt provider with focus on high impact sectors including food & agriculture, financial inclusion, affordable housing, healthcare, education, drinking water, clean energy & energy efficiency.

Impact is built into whatever we do at CII. Every client is evaluated through a social and environmental lens, before and after our loans are disbursed. A major aspect of CII's impact is that we are willing to make loans that traditional lenders are not. Traditional lenders typically use standardized lending models which are suitable for mature, asset-heavy businesses. They usually make loans only to profit making companies and rely heavily on mortgage collateral - major hurdles to first generation entrepreneurs and asset light businesses.

At CII, on the other hand, we recognize that high quality professionally managed operations are a strong predictor of credit quality, regardless of collateral value. Similarly, we also understand that when backed by institutional equity investors, disruptive companies often strategically choose to prioritize growth over profits, and often have working capital requirements that are best met through debt rather than dilutive equity.

In order to make these loans, we rely on our unique expertise in assessing risk from an equity as well as debt perspective, our strong in-house capabilities on transaction structuring and appropriate risk sharing mechanisms.

Our mission at CII is to enable the growth of enterprises that work towards creating positive social and environmental impact, in a responsible, transparent and sustainable manner.

This report highlights the progress we made in the past year, the exciting businesses we have worked with and the impact of their work on the ground. We hope you enjoy reading this report, and as always, we appreciate any feedback you may have.

Sincerely,
S. Viswanatha Prasad
Managing Director

CII AT A GLANCE

Our mission at CII is to enable the growth of enterprises that work towards creating positive social and environmental impact, in a responsible, transparent and sustainable manner. We work in sectors and with companies where debt capital is scarce and much needed, where we can have the most impact.

We use a variety of structures and tenors, suited to our clients' requirements. Our products include term loans, working capital lines, subordinated debt, convertible debt, purchase order and receivable financing. To date, our portfolio quality remains excellent, with only two loans written off since inception.

By supporting companies that work in high impact sectors, we contribute towards strengthening vital value chains, improving access to essential products and services, and creating formal sector jobs. These in turn contribute to inclusive economic growth and improved living conditions amongst the low and lower middle-income population.

As of March 2018, CII has completed five years of operation. We have cumulatively deployed over INR 8 Bn in debt, to 94 enterprises through 190 loans. Our loan book at the end of FY18 was INR 3.4 Bn.

We see ourselves not only as a lender but a market builder operating in nascent, critical sectors of the economy. We provide multiple platforms where our clients share their knowledge and experience with us and with each other. In turn, we share our own expertise with them, and also provide key networking opportunities. We are a trusted partner of multiple international and domestic investors and lenders, with whose support we have been able to realise our goals of achieving positive development impact.

Our Partners



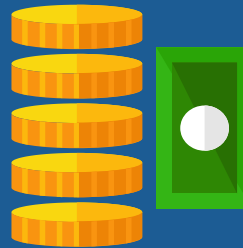
Entrepreneurial
Development
Bank



Rabobank

INR 3.8 Bn+

Raised as equity
and debt from 5
equity investors and
8 lenders



INR 8.0+ Bn

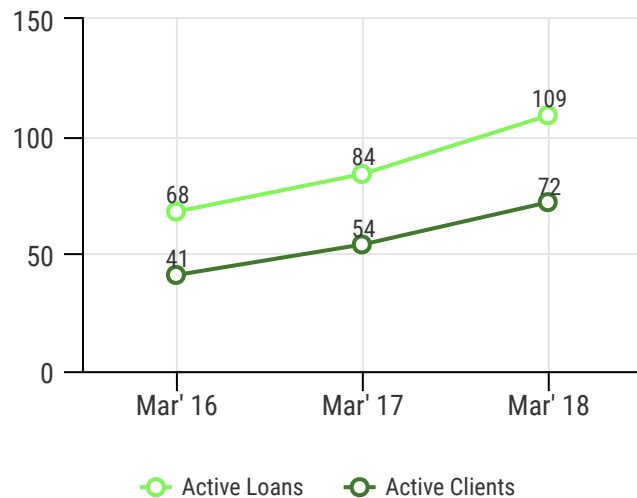
Disbursed as loans
through 190 loans

~48,000

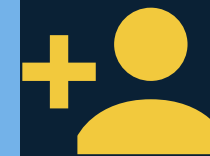
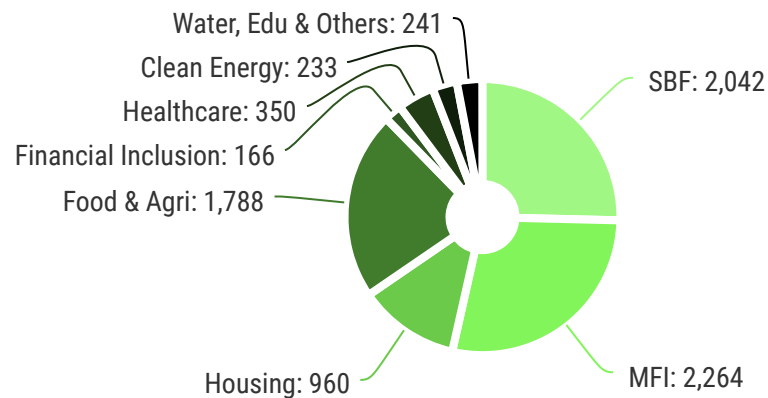
Direct full time jobs
supported with
contribution to 12
SDGs



Customers and Loans at the End of Each FY



Disbursement since Inception by Sector (INR Mn)

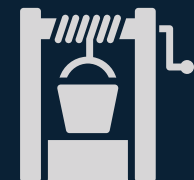


94

Clients since inception of which 93 were MSME at first loan

19%

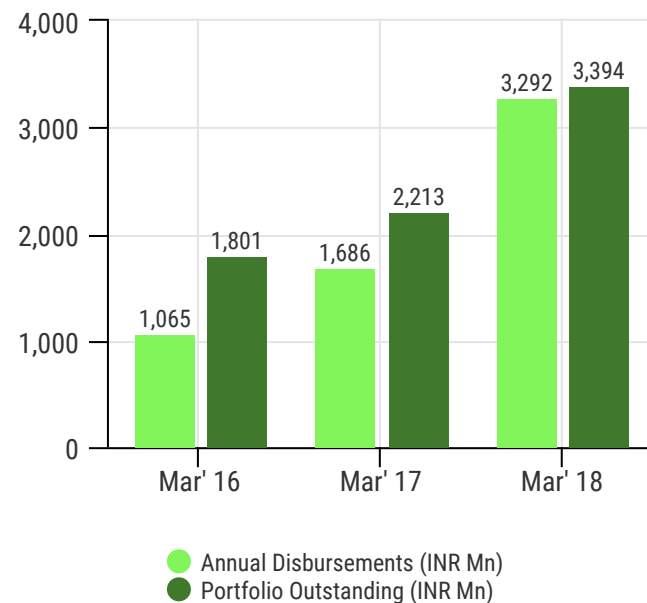
Clients since inception were headquartered in Tier Y & Z cities



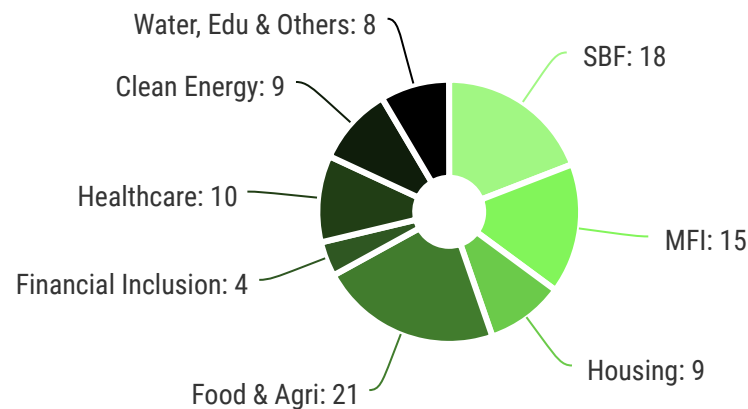
14%

Clients since inception for which CII was the first lender

Fund Growth



Client Breakup Between Sectors since Inception



45%

Of clients since inception were PAT -ve at the time of first loan

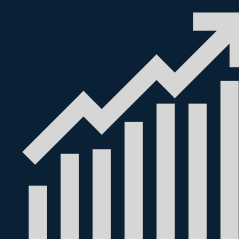


15

Clients operating in low income states during FY 18

37%

Clients saw a revenue growth of > 50% in FY 18



OUR APPROACH TO IMPACT

At CII, we administer an exhaustive Exclusion List to filter out companies and projects that may cause harm to the society or environment. Once a company passes this first filter, we use a number of lenses to choose companies that we can work with. Our primary lens is a sectoral one. We have consciously chosen to work in sectors that have potential for high developmental impact - such as food & agriculture, financial inclusion, affordable housing, education, healthcare, drinking water and other small businesses. If a company is part of these critical value chains, we are ready to consider supporting it with debt.

In addition to this sectoral lens, we analyse several other factors about our potential clients - their target customers, their environmental impact, and their contribution to gender equality, to name a few. We give preference to companies that target vulnerable populations or operate in non-tier X locations. We use standard industry metrics as well as customized data points to understand the impact of each portfolio company.

A company need not call itself a 'social enterprise' in order to have a positive impact. We do not insist that a borrower have an explicit social mission, though we do prefer it. We firmly believe that companies that are cognizant of their role in and responsibility to society, are strong and safe investments in the long run. Further, positive social impact and financial sustainability are intricately tied to robust governance. CII insists on working only with professionally managed companies with transparent, responsible and ethical operations. We encourage companies to adopt third party ratings such as GIIRS or certifications such as the B Corp. Caspian is, itself, a B Corporation.

Our vision at CII closely matches that of the United Nations Sustainable Development Goals (SDGs). The SDGs are a universal call to action by the United Nations, to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Achieving them requires the partnership of governments, the private sector (including investors like us and the enterprises we support), civil society and citizens to make sure we leave a better planet for future generations.

Given the close alignment between our vision and that of the SDGs, we have made an attempt in this report to represent our social and environmental impact in the language of the SDGs.

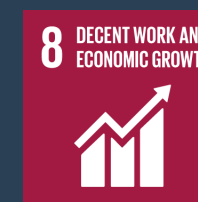
The SDGs are comprehensive, wide-ranging and sector-agnostic, providing a useful complement to our sectoral lens. Therefore, we map our clients, as well as our various other company initiatives, to the 17 SDGs and the 169 targets under them. This also enables us to measure and report our operational impact using a universal shared basis of understanding.

Our mission is distilled into three broad areas, each of which we have found to be aligned with a specific set of SDGs.

Reducing vulnerability and inequality



Strengthening essential market ecosystems



Protecting the environment, promoting sustainability



Portfolio by Sustainable Development Goals since Inception

Since CII's inception, we have made loans to companies working towards 50+ targets under 12 SDGs. The following graphic shows the number of clients in our portfolio since inception, that have made a significant impact towards specific SDGs. Disbursement since inception is also captured in INR Mn. The vast majority of our clients have been aligned meaningfully with at least 2 SDGs. For example, our microfinance (MFI) clients are primarily aligned with alleviating poverty and empowering women.

However, we note that the SDGs are interrelated and complex. In addition to their primary SDG alignments, each CII client contributes towards several other SDG targets. MFIs that provide sanitation loans, for example, play a key role in promoting cleanliness and health. MFIs providing migrants with remittance services, help reduce inequalities. To address such complexities, the following graphic captures only what CII considers to be a major, significant positive impact.





GOAL 1: No Poverty

Poverty is multidimensional. It not only refers to low incomes, but also to lack of access to basic goods & services, and poor standard of living. 41.3% of Indians still live in poverty and an additional 22.9% are vulnerable to poverty. India has to redouble efforts to combat and eliminate poverty once and for all.

54 Clients working towards this goal in FY 18 | **INR 2,284Mn** Provided as debt in FY 18

CII Impact FY 18

CII works in a range of areas aligned with the No Poverty SDG. The SDG targets which our active portfolio addressed are:

- Reduce proportion of people living in poverty
- Equal rights to economic resources
- Access to basic services, technology and financial services
- Build the resilience of the poor
- Reduce exposure to climate-related extreme events and economic shocks

Financial Inclusion

Our FY18 portfolio included 10 MFIs & 4 small finance banks, providing a bouquet of financial services to excluded and underserved customers at the grassroots level, primarily women. We also lent to 2 business correspondent (BC) companies, originating and managing micro-loans on behalf of banks and other institutions.

Increasing farm incomes

All 15 clients in our FY18 food & agriculture portfolio improve farm productivity and incomes, or provide basic services to farmers, who are one of the most vulnerable sections of society. 2 clients are comprised almost entirely of small and marginal farmers: an organic cotton Farmer Producer Organization (FPO) and a women's Mutually Aided Co-operative Society (MACS).



11.6 Mn

Active MFI clients across 17 financial institutions

65%

Active MFI clients served are from rural areas



92%

Active MFI clients served are women

35,000+

People provided affordable housing through 6 companies



23,000+

Small and marginal farmers benefiting from 2 farmer owned companies

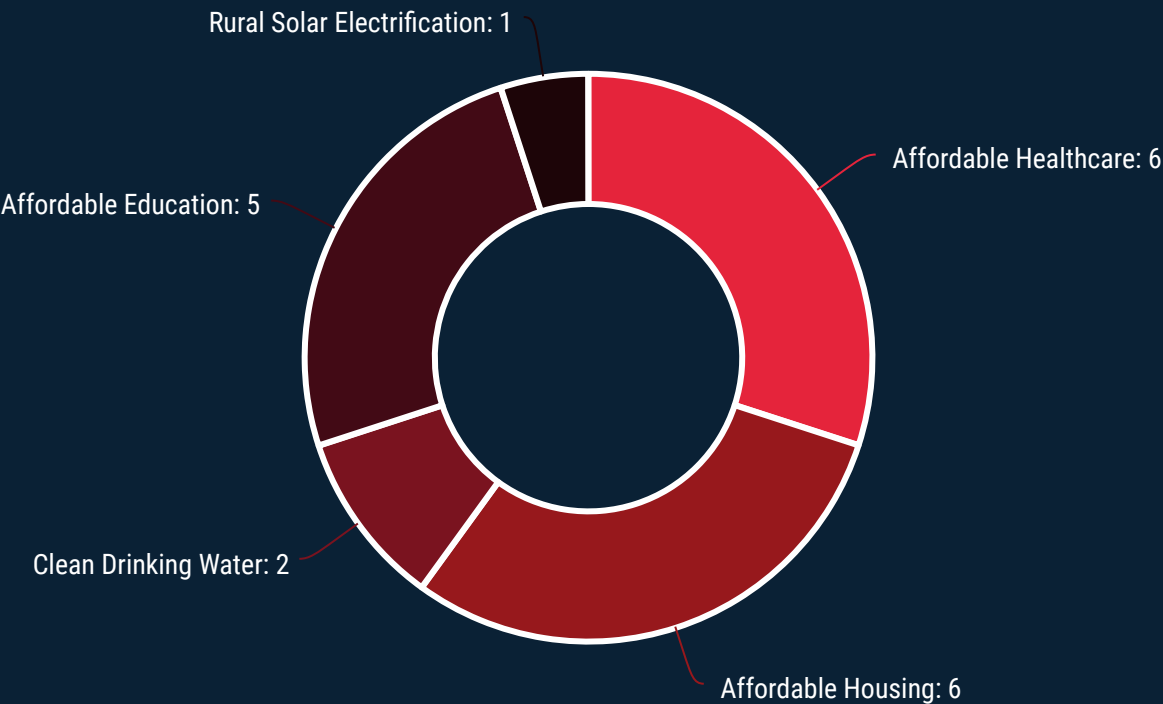
344

Villages provided off grid electricity in FY 18 by one client



Clean Drinking Water, Affordable Education, Housing & Health

Several of our clients in FY18 cater to low income group customers, including through partnerships with the government or corporates. They include clients across healthcare, housing, energy, education and water. We have funded diverse business models within each sector. For example our affordable housing portfolio included 3 developers, 2 financial institutions and 1 client providing hostels.





GOAL 2: Zero Hunger

Multiple factors such as drought, lack of biodiversity and environmental degradation prevent people from accessing sufficient nutritious food throughout the year. Sustainable agricultural practices, access to land, technology and markets along with investment in rural infrastructure, are necessary to eliminate hunger.

15 Clients working towards this goal in FY 18

INR 804 Mn

Provided as debt in FY 18

CII Impact FY 18

Our FY18 food & agriculture portfolio, comprised of 15 companies, is working towards improving farm productivity and incomes. The SDG targets they address are:

- Double agricultural incomes of small-scale food producers
- Ensure sustainable, resilient food production systems
- Maintain the genetic diversity of seeds and cultivated plants, and promote access to and fair and equitable sharing of the benefits of genetic resources
- Increase investment in rural infrastructure, agricultural research and extension services

Improving Farm Productivity

9 of our clients provide inputs such as machines, bio-pesticides, seeds and solar pumps. 1 of these provides weather database services and crop cutting experiments for crop insurance. 11 clients provide market linkages to farmers, of which 6 also carry out some value addition through processing. 5 clients provide knowledge, information or training to farmers.

2 of the companies specifically focus on organic and sustainable farming, while another produces eco-friendly bio pesticides. 1 of them also carries out research into better quality organic seeds to improve resilience.



24.2 Mn

Farmers were insured through data provided by 1 client in FY 18

1.1 Mn

Farmers improved productivity in FY 18 through information and training provided by 5 clients



615,945

Acres of land directly and indirectly controlled by 15 clients in FY 18

1.81 Mn

Farmers were provided agricultural inputs in FY 18 through 9 clients



2,035

Jobs sustained in the food and agri value chain in FY 18; of which ~16% are women

1.45 Mn

Farmers provided market linkages through 11 clients in FY 18

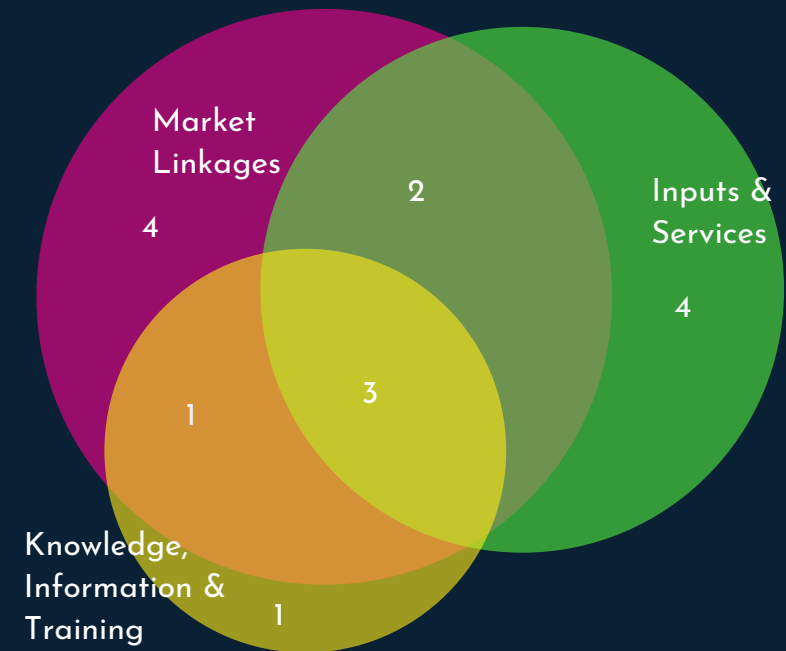


1 of our portfolio companies is GLOBAL G.A.P certified. 2 have Organic certification, and one of these is also Fair Trade certified.

Several companies have established warehouses, factories, cold storages and other infrastructure in rural areas.

Both the FPOs as well as the MACS we funded, train their member farmers to be actively involved in running the organizations. They enable farmers to become more business savvy and collectively take their own financial and economic decisions.

How our Clients Benefit Farmers



15 Active FY 18 clients and their work with farmers



Goal 3: Good Health and Well Being

India has significant inequities in terms of access to quality and affordable health services, and a disproportionate burden of communicable and non-communicable diseases. 80% of doctors are in urban areas. Only 37% of rural Indians have access to IPD facilities within a 5 km radius, causing a large number of preventable deaths. There is a heavy dearth of skilled and qualified healthcare professionals. Additionally the country needs to curb and improve sanitation to reduce preventable deaths.

18 Active clients working towards this goal in FY 18

INR 557 Mn Provided as debt in FY 18

CII Impact FY 18

CII's healthcare portfolio of 10 companies all contribute towards this SDG. In addition, several clients contribute to a cleaner and healthier environment. Some of the specific SDG targets that our portfolio is working towards are:

- Increase health financing, training, recruitment and retention of the health workforce.
- Reduce the number of illnesses from air, water and soil pollution and contamination
- Reduce premature mortality
- Achieve universal health coverage
- Support R&D and improve access and affordability of essential medicines

Improving Healthcare Access and Affordability

Our clients have diverse business models as shown in the chart on the next page. 5 of them primarily operate in non Tier X towns and villages. These include two specialty healthcare providers, one of which is an affordable eyecare service provider working in villages through mobile and remote healthcare. The other a critical care and emergency hospital operating primarily in low income eastern states of West Bengal, Odisha and Bihar. Both of them invest in training and skilling rural youth to be employed in their operations.

9.6 Mn
Patients served across 10
Clients in FY 18



83,157
Efficient biomass cookstoves sold
in FY 18

10,746
Youth trained to be healthcare
professionals in FY 18

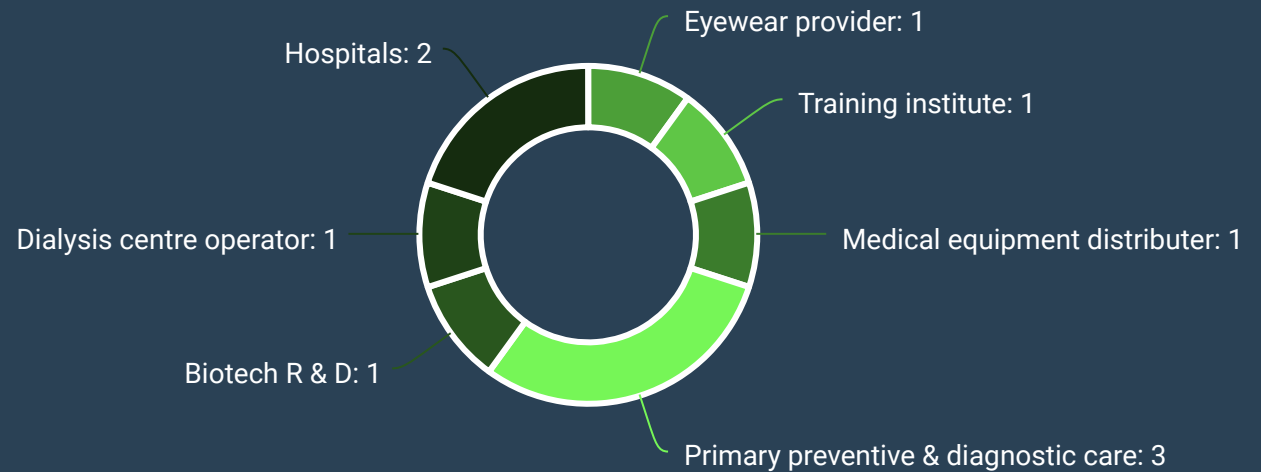


547
Clinics and Hospitals were
operated by 7 clients as at
the end of FY 18

6 clients served low income clients primarily by partnering with the government or corporates. They include a company operating dialysis centres, one providing diagnostic labs and services, and a primary & preventive healthcare company that partners with factories and offices to serve the labour force.

We also lent to a training institute for allied healthcare professionals such as nurses, paramedics and phlebotomists, where a substantial number of students are from low income households.

One of our portfolio companies is an R&D based biotech company which manufactures cost effective and highly stable enzymes used in essential medicines such as insulin.



Clean Environment & Sanitation to boost health outcomes

Sanitation and a clean environment play a key role in preventing illness and ensuring a good quality life. One company develops and sells bio-pesticides, thus reducing soil and water pollution. Another develops and sells chemical replacements for leather and other industries, preventing harmful effluents from being released into water. 2 companies provide affordable purified drinking water in public places or remote areas, so that people need not drink from local contaminated sources. A micro-finance company in our housing portfolio providing loans to rural women for building toilets and sanitation facilities in homes.



Goal 4: Quality Education

India's Right to Education Act has ensured near-universal enrollment in the primary and elementary stages of school. However, learning outcomes remain poor. Approximately 20 million children are not attending preschool. Vocational training is another major issue, with only 5% reported to be taking some type of vocational course.

6

Clients working towards this goal in FY 18

INR 164 Mn Provided as debt in FY 18

CII Impact FY 18

CII has lent to several companies working in the education sector. Some of the specific targets being addressed by our portfolio companies are:

- Access to quality pre-primary education
- Access to affordable and quality technical and vocational education; provide people with skills for employment and entrepreneurship
- Support education facilities that are child and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments.

Quality Education for underprivileged students as part of CII's CSR initiative

Almost all Indian children are enrolled in school, but learning outcomes remain poor. Lack of resources and low teacher to student ratio means that our children struggle to reach their full potential. Parinaam Foundation was established in 2006 to provide a holistic approach to alleviate poverty. Parinaam's Academic Adoption Program is designed to transform the lives of desperately poor children by providing them access to good quality education in the English medium through academic scholarships. In this programme, patrons adopt a child to sponsor their education until the completion of Grade-XII.

CII has, over the course of the past 3 years, adopted 37 students through this program and has committed to bearing the cost of their school education.

13,676 INR Mn

Gross Loan portfolio of 3 affordable education financing companies



53,138

Number of teaching jobs sustained in FY 18 through the education portfolio

5,212

Schools are active clients for education finance companies at the end of FY 18



16,176

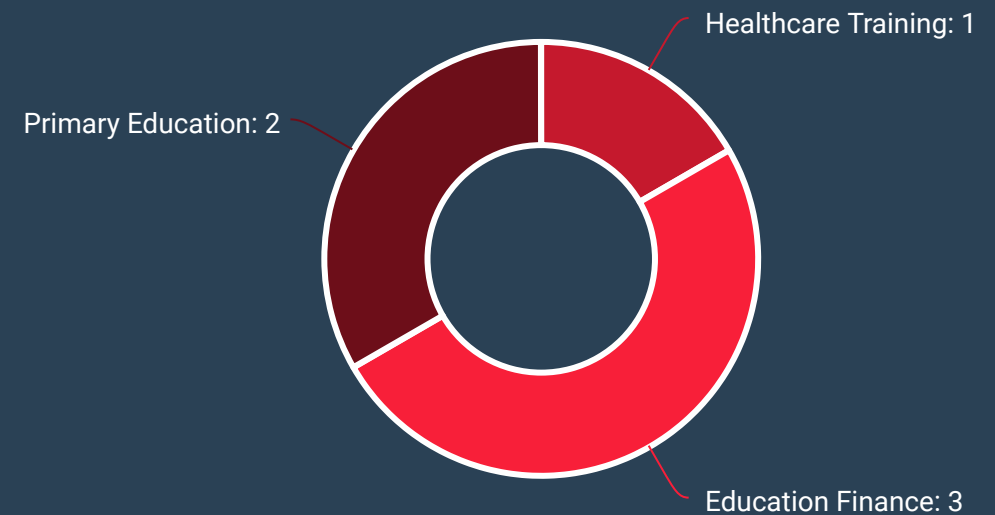
Primary and pre-primary students served in rural and semi urban areas during FY 18

Educational institutions & allied services

2 of our clients work directly in primary education, addressing the accessibility and quality gap in Indian education. One company runs a chain of high quality affordable pre-primary and primary schools in rural and semi-urban areas. The other client is an ed-tech company selling edutainment tablets. CII's funding enabled the company to fulfil orders from non-profit organizations, where a majority of the end users were girl students.

Our portfolio also includes 3 education finance companies which lend mainly to affordable schools. They also provide loans to teachers, students and other entities in the education ecosystem.

As covered earlier, one of our clients provides training and certification to allied healthcare professionals.





Goal 5: Gender Equality

In India, the gender gap in primary and secondary education has improved significantly over the years. However female literacy continues to lag behind, indicating poorer learning outcomes and higher dropouts. The country also faces great challenges in terms of economic participation and opportunities for women. Empowering women and girls has a multiplier effect and helps drive up economic growth and development across the board

34 Clients working towards this goal in FY 18 | **INR 1,346 Mn** Provided as debt in FY 18

CII Impact FY 18

At CII we track each client for its impact on women, before and after the loan. Several of our clients have a high positive impact for women. Some of the specific targets our portfolio contributes towards are:

- Ensure women's full participation at all levels of economic and public life
- Use enabling technology to promote the empowerment of women
- Give women equal rights to economic resources, control over land, property and financial services.

We are proud to support women owned and promoted companies. We use qualitative and quantitative factors to understand how our portfolio companies impact their women employees and clients. We also seek to understand whether they create a safe and equitable workplace, by adopting measures against sexual harassment. We track metrics such as the number of women clients, employees and directors.

12 clients in our FY 18 portfolio are led by women. These include 10 companies founded or co-founded by women, and an FPO and a MACS with majority women members.

27 of our portfolio companies have a strong focus on women as clients, employees or beneficiaries. Women make up 92% of the underlying borrowers of our MFI portfolio. Another client manufactures efficient biomass cookstoves, which improves women's health outcomes. In our housing finance portfolio, women are co-borrowers and co-owners, making up at least 50% of clients.

12

Active clients in FY 18 are led by a woman promoter or co-promoter



27

Active clients in FY 18 with a high focus on women as beneficiaries

10.1 Mn

Women beneficiaries of Microfinance companies in our portfolio at the end of FY 18



36.7%

Employees in Caspian at the end of FY 18 are women



Goal 6: Clean Water and Sanitation

A large number of Indians use water sources which are unsafe or do not function properly. There are urgent issues such as the rapid depletion of groundwater, as well as contamination due to arsenic, fluoride and other substances. Open defecation is still prevalent. Hence, 63 million rural Indians lack access to clean water, and 1 in 10 deaths are linked to poor sanitation.

7

Clients working towards
this goal in FY 18

INR 221 Mn

Provided as debt
in FY 18

CII Impact FY 18

Our portfolio is working directly and indirectly towards the following SDG targets:

- Improve water quality, reduce pollution and minimize release of hazardous chemicals
- Increase water-use efficiency and ensure sustainable withdrawals
- Reduce the number of people suffering from water scarcity

Increasing Accesses to Clean Water and Reducing Pollution

2 companies in our portfolio work to provide purified drinking water at affordable rates, to communities and areas that lack access to clean, uncontaminated water. They set up water dispensing machines and train local entrepreneurs to run them. One client's machines are also IoT enabled and capable of running on solar power.

Another portfolio company has developed probiotic compounds as an alternative to the highly hazardous and polluting chemical compounds used in industries such as leather and textiles.

Our food & agri clients that eschew the use of chemical pesticides also contribute to cleaner water.

551

Water plants operational through
2 clients at the end of FY 18



12,875

Water and Sanitation loans
provided by one client

50,647

Farmers practicing organic
farming methods at the
end of FY 18



210



Companies reduced their
chemical usage by ~40%
through probiotic materials
produced by one client



Goal 7: Affordable and Clean Energy

304 million Indians lack access to electricity. Even those who do have access, find that it is often intermittent and unreliable. Renewable energy can be used bridge this gap, while at the same time mitigating climate change. Additionally, energy efficiency has to be increased, and wastage curbed.

9 Clients working towards this goal in FY 18

INR 382Mn Provided as debt in FY 18

CII Impact FY 18

Our portfolio companies are working towards the following targets:

- Ensure universal access to affordable, reliable and modern energy services
- Improve the rate of energy efficiency
- Increase the share of renewables in the energy mix

Energy Generation and Efficiency

5 companies in our portfolio generate clean energy. One produces geothermal and solar thermal energy, while another processes bio-waste into biogas. The remaining 3 are solar photovoltaic companies, all in the engineering, procurement & construction segment. These include one company carrying out utility scale projects, and another focused on rooftop solar installations. The third company specializes in energy efficient inverter-less solar DC technology, which minimizes wasteful AC-DC conversions. This client has also executed multiple off-grid rural electrification projects and brown out projects.

In addition to the above, one of our clients sells solar powered cold storages and water pumps.

7 companies in our portfolio are engaged in improving energy use efficiency. They include a manufacturer of electric vehicles which use lithium ion batteries, a manufacturer of brushless DC fans which consume less electricity, and a home & store automation company that saves electricity using smart sensor technology.

114.8 Mn

KwH of clean energy generated in FY 18



259,634

Tons of CO2 mitigated in FY 18

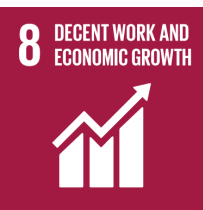
5,000+

Electric vehicles sold by one active client in FY 18



163,566

Energy efficient appliances sold by 2 clients in FY 18



Goal 8: Decent Work and Economic Growth

India's economic growth over the last few decades has been driven by the service sector, employing less than 30% of the Indian population. Most Indians continue to be employed in agriculture with high disguised unemployment. A high number work in the informal sector where there are few benefits and little legal protection. Generating and sustaining formal jobs is the need of the hour to inclusive and sustainable economic growth

78

Clients working towards
this goal in FY 18

INR 3,292Mn Provided as debt
in FY 18

CII Impact FY 18

The SME sector has the potential to create a huge number of jobs. CII not only tracks direct and indirect employment generated, but also employment quality. Some of the SDG targets our portfolio works towards are:

- Substantially reduce the proportion of youth not in employment, education or training
- Encourage innovation and substantially increasing the number of research and development workers
- Strengthen the capacity of domestic financial institutions to encourage and expand access to
- banking, insurance and financial services for all

CII's portfolio directly generates employment in both manufacturing and services. Indirectly, small business lenders in our portfolio sustain numerous jobs at the underlying micro enterprises. We track our portfolio companies' compliance with regulations for employee safety, employment benefits and welfare, and anti-discrimination.



47,874 direct full
time jobs sustained
in FY 18



421,142 indirect jobs
sustained through
our onlending
portfolio in FY 18



Goal 9: Industry, Innovation and Infrastructure

The need for improvement in infrastructure and industry processes in India is massive. Development and production in various sectors are plagued by inefficiencies from slow adoption of new technologies to a negligent presence of infrastructure such as roads and power to effectively operate. India has fallen in the World Bank Logistics performance index from number 37 (2007) to 44 (2018). This creates a concerning environment that fails to foster competitive industries.

51

Clients working towards
this goal in FY 18

INR 2,204Mn

Provided as debt
in FY 18

CII Impact FY 18

51 companies in CII's portfolio directly and indirectly contribute to targets in this SDG. Some of the SDG targets our portfolio works towards are:

- Upgrade infrastructure and retrofit industries to make them sustainable
- Increase resource-use efficiency and adopt clean technologies and processes
- Increase the access of small-scale enterprises to financial services, including affordable credit
- Promote inclusive and sustainable industrialization; raise industry's share of employment and gross domestic product
- Enhance scientific research and innovation, and upgrade the technological capabilities of industrial sectors
- Significantly increase access to information and communications technology

The financial institution portfolio directly influences access and affordability of credit to individuals and companies, thus allowing them to improve infrastructure, adopt modern technologies and find ways to eliminate wasteful practices. It further allows industries to explore and work toward innovative solutions that benefit the entire value chain.

77

MSMEs supported directly in
FY 18



139,346



MSMEs supported indirectly
through our onlending
portfolio as at end of FY 18

21

Clients active across
multiple sectors applying
innovative tech solutions



15



Small business finance
companies active in FY18
with a combined portfolio
of INR 55,311 Mn

CII's support for Innovation through Incubation

Food and agriculture technology is a nascent, critical sector in the Indian economy. The active participation of innovative private sector companies in this space, has the potential to benefit millions of rural as well as urban Indians. It is crucial that this market ecosystem be nurtured and supported. Budding entrepreneurs need platforms to showcase their ideas, and to connect with mentors, financiers and other industry players. Start-ups in this sector need capacity building, mentoring, networking and advisory support.

With a view to encourage high quality start-ups, CII contributed INR 1.5 Mn to support Agri-Udaan 2.0, a pan-India accelerator program organised by the Association for Innovative Development of Entrepreneurship in Agriculture (a-IDEA) and the Indian Institute of Management Ahmedabad's Centre for Innovation, Incubation and Entrepreneurship (IMMA-CIIE). The Association for Innovative Development of Entrepreneurship in Agriculture (a-IDEA) is a technology business incubator hosted by ICAR-NAARM and the Indian government's Department of Science & Technology. a-IDEA helps entrepreneurs scale their innovative early stage start-ups through capacity building, mentoring, networking and advisory support. Agri-Udaan 2.0 provides a unique platform for food & agri entrepreneurs to showcase their ideas and benefit from capacity building, mentoring, networking and advisory support.

Goal 12: Responsible Consumption and Production

Sustainable consumption and production is key for India moving forward due to an ever-rising problem of overpopulation which increases competition for existing finite resources. India is ranked 100 out of 119 countries in the 2017 Global Hunger Index with over a 150 Mn people going hungry every day while INR 888 Bn worth of food is wasted every year. It is imperative to efficiently manage the consumption and production of all resources to preserve a fragile ecosystem on which billions depend on.

21

Clients working towards
this goal in FY 18

INR 1,002Mn

Provided as debt
in FY 18

CII Impact FY 18

21 companies in our portfolio contribute towards this SDG. Some of the SDG targets that our portfolio works towards are:

- Achieve sustainable management and efficient use of natural resources
- Reduce food losses along production and supply chains, including post-harvest losses
- Achieve the sound management of chemicals and wastes, and significantly reduce their release to air, water and soil
- Substantially reduce waste generation through prevention, reduction, recycling and reuse

At CII we encourage our clients to adopt sustainable practices, and we require them to integrate social and environmental information into their reporting cycle. We ourselves take many measures to conserve electricity and prevent mismanagement of waste. We internally track electricity, paper and plastic usage to prepare a monthly "Green Report". We use this report to track our usage with an aim to improve our resource-use efficiency and minimize wasteful consumption. We also ensure proper waste segregation in the office space and have tied up with an external agency to recycle and reuse waste.

2,682 Kwh

Average energy consumed per
month in CII with an office space
of ~4,400 sqft



7.6 Reams

Of paper consumed on average
per month by 38 staff members



KEY TERMS AND ABBREVIATIONS

1. MSME - Micro, Small and Medium enterprises defined as per the government of India, as announced in the Budget 2018.
2. Tier X, Y and Z - City classification system used by the government of India. Tier X cities refer to large metropolitan cities namely Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune.
3. SDGs - The United Nations' Sustainable Development Goals, a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.
4. Active portfolio - Unless otherwise indicated, active portfolio refers to the clients with active loans as at the end of the financial year, and/or clients with an active loan during at least six months of the financial year.
5. MFI - Microfinance Institution
6. SFB - Small Finance Bank
7. SBF - Small Business Finance. One of CII's target sectors, consisting of lenders to MSMEs.
8. Caspian - Caspian Impact Investment Adviser ("Caspian") is the fund manager of CII. Caspian manages four funds - Bellwether Microfinance Fund, India Financial Inclusion Fund, Caspian Impact Investments ("CII") and the new Caspian SME Impact Fund - IV. Caspian is a certified B Corporation and a 'Best for the World' Honoree 2018.
9. CII - Caspian Impact Investments ("CII"), the third fund and the only debt vehicle set up by Caspian.
10. FY - Financial year beginning 1st April.
11. IoT - Internet of Things

CII - IRIS METRIC ALIGNMENT

The following table explains the alignment between select CII metrics used in this report, and the IRIS standard metrics. As mentioned earlier, CII also uses our own internal custom metrics for certain sectors and clients.

Sustainable Development Goal	CII Metric	IRIS Metric
Goal 1: No Poverty	Active MFI Clients	PI9327
Goal 1: No Poverty	People Provided Affordable Housing	PI9327
Goal 1: No Poverty	Small and Marginal Farmers Benefitted	PI9991 & PI6372*
Goal 2: Zero Hunger	Acreage Directly and Indirectly Controlled	OI5408 & PI3789**
Goal 2: Zero Hunger	Farmers Provided Market Linkages	PI2566
Goal 2: Zero Hunger	Jobs Sustained	PI4874
Goal 3: Good Health and Well Being	Patients Served	PI4060
Goal 3: Good Health and Well Being	Efficient Biomass Cookstoves Sold	PI1263
Goal 3: Good Health and Well Being	Youth Trained to be Healthcare Professionals	PI4060
Goal 4: Quality Education	Teaching Jobs Sustained	OI5896
Goal 4: Quality Education	Gross Loan Portfolio	PI7569
Goal 6: Clean Water and Sanitation	Companies that Reduced Chemical Usage	PI9652
Goal 6: Clean Water and Sanitation	Number of Loans Provided	PI1478
Goal 7: Affordable and Clean Energy	Number of Products Sold	PI1263
Goal 8: Decent Work and Economic Growth	Direct Full Time Jobs	PI4874

*CII metric of 'small farmers benefitted' includes suppliers as well as clients.

**Land indirectly controlled includes land over which CII clients have sourcing contracts, as well as land for which they have provided inputs.

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