

SARONA

VALUE-DRIVEN
LEADERSHIP FOR
COLLABORATION

Growth That Matters



2019 Annual Values Report

Who We Are

Sarona Asset Management (“Sarona”) is a private investment firm that invests growth capital in companies, private equity funds and private debt funds in emerging markets. Through our value-driven leadership, we seek to achieve superior returns by creating world-class companies and employing highly progressive business strategies that improve lives and communities. Our global presence includes investments in Africa, Asia and Latin America as well as staff based in Toronto/Kitchener, New York and Amsterdam.

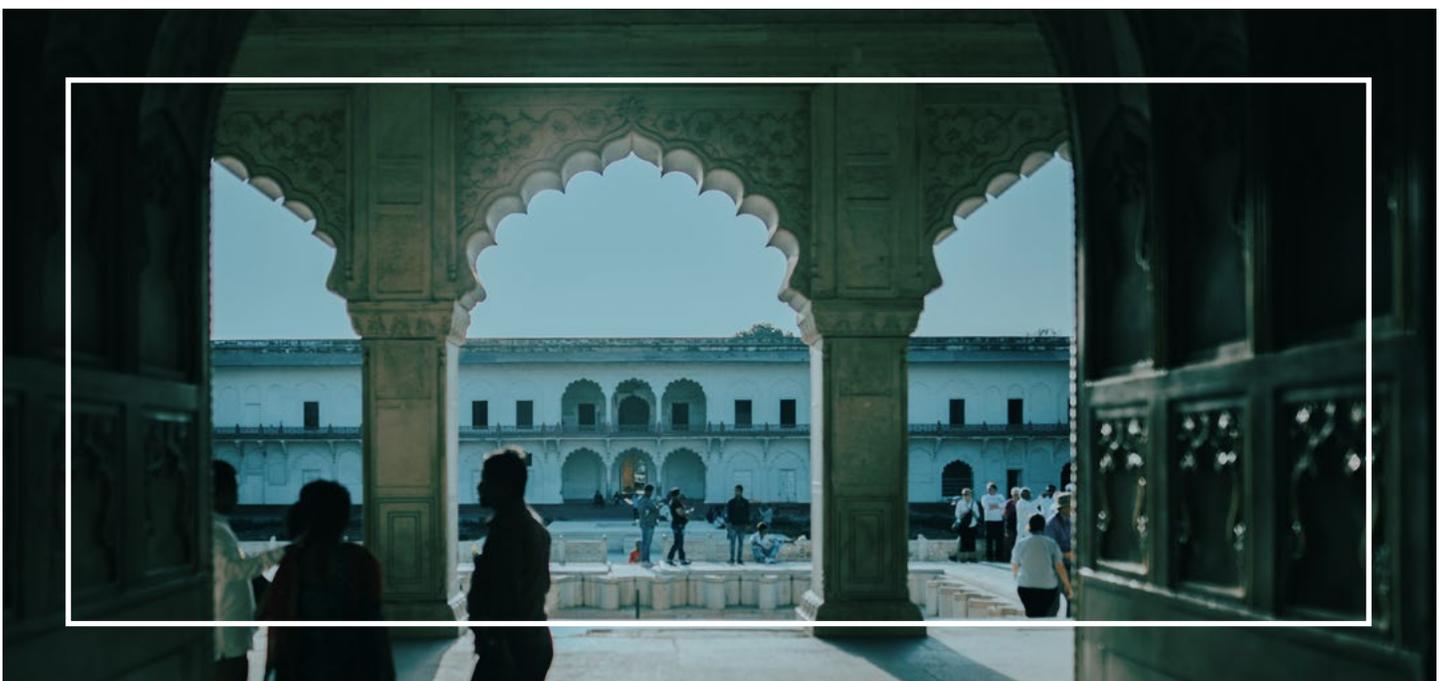
To learn more about Sarona, visit saronafund.com.

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“We are emboldened by the power of collaboration at this crucial stage of global progress toward the SDGs.”

Welcome Message



Nine short years ago, Sarona was reborn to start improving the world through its investments. Our goal was to prove that one can simultaneously earn strong returns and positively impact people and the earth.

A lot has changed since then, and we are quietly confident that *we are making a difference*. As we grow and mature, we are tremendously encouraged and inspired by our impact to date – much of which is highlighted herein.

This year, we are thinking about our impact in the context of *Value-Driven Leadership for Collaboration* because we are emboldened by the power of collaboration at this crucial stage of global progress toward the Sustainable Development Goals (SDGs).

At Sarona's outset, sustainable development was quite different. Government donors gave grants to local projects, while not-for-profits helped implement these projects, and fund managers invested in local enterprises. We saw an opportunity to change the equation – what if 1+1+1 didn't have to equal 3? What if there was a better way?

In 2013, we launched a ground-breaking collaborative investment vehicle, Sarona Frontier Markets Fund 2 LP, involving numerous private investors as well as the support of the Canadian and U.S. governments. This fund ultimately injected growth capital into over 120 private companies, all with that double-bottom line focus: financial returns and impact.

This is the power of collaboration.

But collaboration doesn't just happen. It's a joint responsibility; it takes steady, deliberate effort and trust among various stakeholders—public, private and not-for-profit. Collaboration is often a bumpy road, an imperfect process. But we remain committed and optimistic.

Now more than ever, we can see the challenges, but we can also envision what it will take to get us there. There can be no progress without innovation, and no innovation without collaboration.

Sarona is well along its journey, seeking to change hearts and minds, striving to punch above its weight and determined to produce enduring results. As always, the case studies herein tell the stories of these successes.

And we realise that this is not the time to rest on our results but to redouble our efforts: *more collaboration, more investment, more financial success, more impact*. We look forward to working with friends – old and new – along the way.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gerhard Pries', written in a cursive style.

Gerhard Pries, CEO and Managing Partner

Overview

Sarona invests growth capital in emerging markets, targeting strong financial returns while simultaneously upholding positive ethical, social and environmental values. Our firm, based in Canada, the Netherlands and USA, is a global leader in collaborative impact investing. We partner with private, public and not-for-profit partners on innovative financing vehicles that achieve financial returns, generate enduring social and environmental benefits, and contribute to the SDGs.

Our work includes direct and fund investment strategies focused on both debt and growth equity for private enterprises – helping them grow, prosper, and contribute to their communities.

We believe that applying ethical, social and environmental values to each investment decision builds a better world for current and future generations. We further believe that such values help generate strong financial returns.

We strive to increase positive outcomes and reduce any negative consequences of our investments. We measure and report on the social and environmental impacts of our investments and engage actively in international collaborative initiatives: the Global Impact Investing Initiative (GIIN), United Nations Principles for Responsible Investing (PRI), World Economic Forum, United Nations (UN), International Finance Corporation (IFC) and B Lab.

With the right partners and strategy, growing highly successful and profitable companies can have a significant and sustained developmental impact. This is what drives us: building a diversified portfolio of funds and companies to deliver **Growth that Matters**.

Sarona Belief Statement

We believe that applying ethical, social and environmental values to each investment decision builds a better world for current and future generations. We further believe that such values help achieve strong financial returns.



Living Our Values, Driving Impact



Sarona is one of the earliest signatories to the IFC-led Operating Principles for Impact Management. The Principles establish a common discipline and market consensus around the management of investments for impact and help shape and develop this nascent market. To learn more about the Operating Principles for Impact Management, visit www.ifc.org.



Sarona is listed on the ImpactAssets50, an annually updated list that offers an easy way to identify experienced impact investment firms and explore the landscape of potential investment options. The 50 listed firms are selected to demonstrate a wide range of impact investing activities across geographies, sectors and asset classes. Sarona has been included on the list every year since its inception. To see the complete IA50 list, visit www.impactassets.org.



Sarona was recognised as a leader in positive business practices as part of B Corp's 2018 Best For The World: Overall Honorees. Best for the World status requires a top 10% score on the full B Impact Assessment. B Corporations are evaluated on environmental performance, employee relationships, diversity, involvement in the local community, and the impact a company's product or service has on those it serves. Learn more at www.bthechange.com.



Sarona serves on the GIIN Investors' Council, comprising leading institutional investors and asset managers focused on strengthening the practice of impact investing. The GIIN recently released IRIS+, a comprehensive system for investors to measure, manage and optimise their impact. Learn more at iris.thegiin.org.



Collaborating for Enduring Impact at Scale

Sarona is a catalyst for positive change – changing how investors think about deploying capital in emerging markets, changing how business is done, changing how businesses are run.

In promoting value-driven leadership for collaboration, we engage broadly on three levels:



Globally

Leading, innovating, collaborating



Investment industry

Catalysing new thinking and actions



Investee company

Better lives for more people



Globally

Leading, innovating, collaborating

As an established and globally recognised leader in impact investing for sustainable development, we seek opportunities to pay it forward by growing the tent for collaborative, innovative finance and impact. Recognising the nascent yet resourceful Canadian ecosystem for impact investing and innovative finance, Sarona – as Chair of the

Canada Forum for Impact Investing and Development (CAFIID) – recently partnered with IFC and Convergence, the global network for blended finance, to convene a workshop on scaling impact investing. Sarona also joined with leading industry professionals to explore innovations for private sector investment in Africa.

Delivering measurable impact alongside financial returns

As impact investing grows in scale and attracts greater investment flows, more asset owners, asset managers and advisors are increasingly involved in sourcing, screening and reporting on investments that deliver measurable impact alongside financial returns. Both institutional and retail investors are looking beyond financial returns—and they expect their portfolios to contribute to creating a better world. To meet these challenges, Sarona (via CAFIID), IFC, and Convergence convened an Impact Investment Knowledge Exchange and Workshop focused on taking stock of the overall impact investing market, the Operating Principles for Impact Management and identifying how the market can achieve greater scale with transparency and discipline.

Bridging the gap for private-sector investment in Africa

Earlier this year, Sarona co-hosted a round-table with the Centre for Global Health and Development and AfricInvest titled: "How can Development Finance Catalyse Private Sector Investment in Africa?" Many global development institutions are seeking to catalyse the flow of private sector investment. In Africa, these efforts are reaping some rewards, and yet the investment gap remains wide. Perceived risks must be further reduced to an acceptable level. The round-table explored creative new ways to bridge the gap between perceived and realised risk, as well as innovative capital structures to address new markets.





Investment Industry

Catalysing new thinking and actions

We continue to be a leading voice among investment industry practitioners, bringing our local investment partners together, and finding better ways to measure the impact. Sarona has much to bring to these important

conversations, and we are privileged to have seats at leading impact community tables, sharing our experiences and voicing our insights.

Bringing Our Local Fund Managers Together

Our 2019 Annual Investor Day events centred around the theme of *Collaboration: The new definition of success is win-win*, inspired by some of our recent cross-sector partnerships with public and non-profit friends. Our Investor Days go beyond simply filling knowledge-gaps for our investors; they also bring together our local investment partners who are like-minded industry actors that are creating shared prosperity through innovative market solutions. Our local investment partners and our stakeholders do not sit in isolated silos; they are part of an ever-growing Sarona circle of collaboration, cultivating lasting relationships—and, hopefully, some fortuitous “win-wins.”

Measuring impact at the new U.S. Development Finance Corporation

Sarona was invited by the Overseas Private Investment Corporation to serve on the Impact Quotient (“IQ”) Super Committee of the newly-announced Development Finance Corporation (DFC). The Committee is tasked with creating a development impact and reporting system to align with DFC’s strategic priorities and development mandate. DFC’s IQ approach builds off peer best practices and emerging industry insights regarding project and country-level parameters, along with capital mobilised.



Investee Company

Better lives for more people

Across Emerging Markets, businesses now recognise that they have a responsibility to more than just shareholder value; they have a responsibility to communities and the earth. We engage with forward-thinking enterprises to turn these goals into actions. An important example is

the Sustainable Innovation Grant (SIG) provided to portfolio companies – an innovative instrument developed by Sarona and Mennonite Economic Development Associates (MEDA), designed to reward ambitious and creative approaches to improving a company’s social and environmental impact.

Innovation for Social Impact: Sustainable Innovation Grants

A SIG is a matching grant with a technical assistance component, developed by Sarona in partnership with MEDA, and supported by the Canadian and U.S. governments. SIGs are aimed at enhancing the environmental, social and/or governance (ESG) performance of a company, and each SIG requires a 2:1 match from the company, along with a commitment to track and report on standardised metrics. In all, 31 companies have received SIG funding. We encouraged companies to be creative in addressing a major challenge in

a way that enhances ESG outcomes while remaining true to each company’s strategic goals and opportunities. We sought ambitious targets and assessed how the business would get there via a workable plan involving key personnel and clear timelines. The result? SIGs helped companies generate broad and enduring impacts for their business and staff, as well as for their suppliers, customers and communities. Over and above the beneficial impacts on companies and on communities, the SIGs positively influenced 11 SDGs.

Our Value-Driven Leadership Strengthens the Investing Ecosystem

What makes us different and valuable to our local investment partners and their investees? Sarona's value-driven leadership fosters a collaborative approach that engages locally while promoting broad, enduring benefits across the global investing ecosystem.

We pursue active, hands-on relationships with local fund managers (GPs), helping them enhance their investing practices and growing their capacity to support investee companies. We also understand the value of building bridges between local fund managers in different regions, for example by brokering relationships focused on specific companies and industries.

At the company level, we foster relationships between investee businesses around the world, helping them learn from each other and develop trade relationships. Building trade connections helps companies prosper, and prosperous companies help build resilient communities.

As we set an expanding collection of socially-minded enterprises on permanent paths to sustainable prosperity, we help engender broad, enduring impacts across the SDG spectrum.



Our Global Presence



- 50+ countries where Saronafund is currently invested
- Saronafund global offices
- Local fund manager (GP) head offices

Private equity funds	35
Investee companies	296
Eligible investments	229

Private Credit Solutions for Emerging Markets

Saronafund is a recognised global leader in private equity investing in Emerging Markets. In addition, we are rapidly growing our capacity and expertise in private credit, especially in areas like trade finance, which is a crucial funding source to support and grow value chains across the developing world. Saronafund is preparing to launch the Saronafund Trade Finance Fund, a global pooled investment fund designed to invest in, or lend to, trade finance intermediaries that provide trade finance credit to SMEs in Emerging Markets. Saronafund recently collaborated with Emerging Markets Development Partners, with support from MEDA and Global Affairs Canada, to complete a global survey of Limited Partner interest and perspectives on such a funding vehicle. The survey and our findings are available on our website, www.saronafund.com.

Saronafund also continues to provide insights to major industry publications on private credit challenges and opportunities; a recent example is *Private Credit Solutions: A Closer Look at the Opportunity in Emerging Markets*, released by Emerging Markets Private Equity Association (EMPEA). The publication is available on the EMPEA website, www.empea.org.



The Galvanising Power of the SDGs

One of the most striking recent developments within the impact investing community is the tremendous galvanising power of SDGs.

These commonly shared goals have quickly become a powerful unifying force focusing the efforts of governments, private capital, fund managers and local enterprises. We work closely with our investee companies and local fund managers to track, measure and report on how we contribute to SDGs.

Although our results to date are gratifying, we know we can do more. Recent data indicates that stark funding gaps persist across geographies and sectors. For example, Middle-income countries attract more SDG funding than lower-income countries. Data also indicates that more commercially-oriented sectors (like power, climate and infrastructure) garner substantial funding compared to education, health and housing.

We work with an array of stakeholders on strategies and approaches to unlock greater private capital for the neediest places, such as currency risk mitigation measures

and innovative blended finance structures. We remain committed to "punching above our weight" in mobilising private capital to support SDGs in the markets and sectors we invest in.

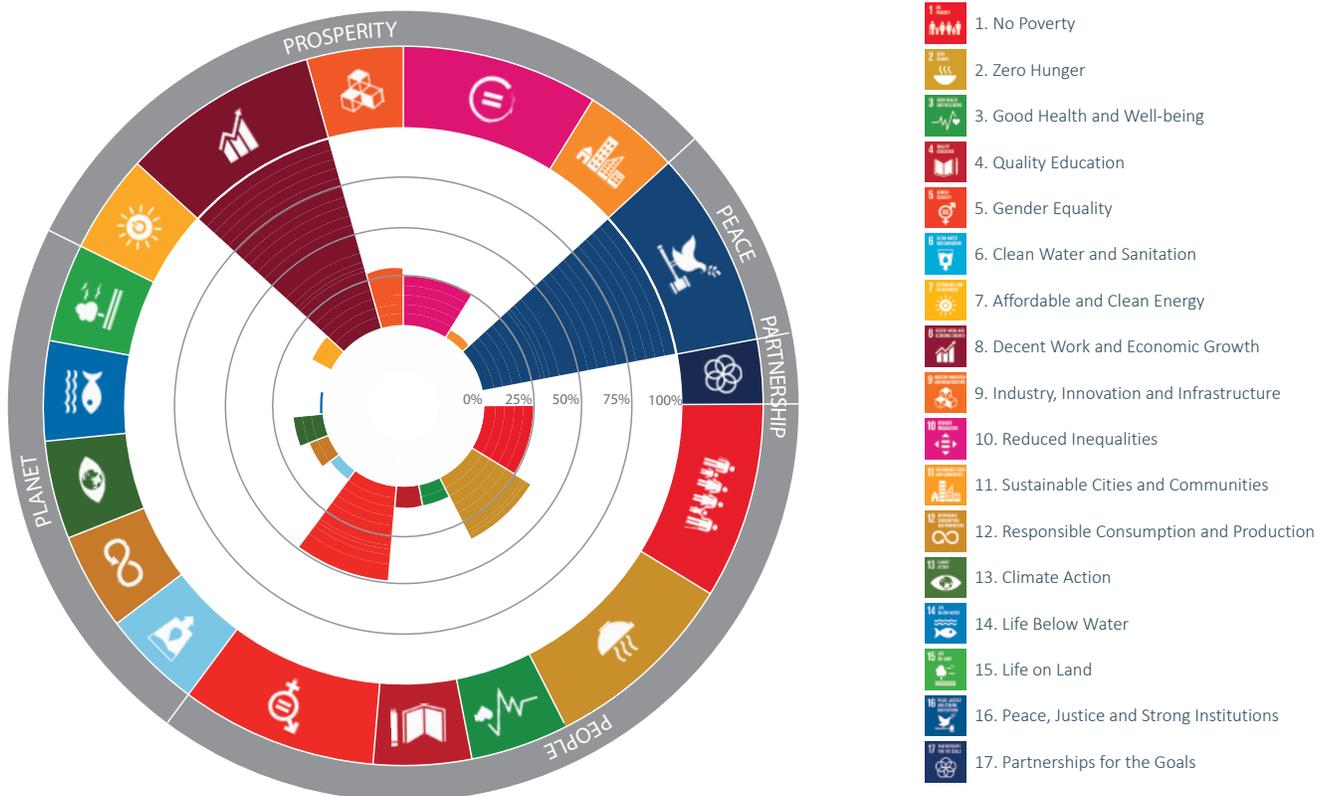
What is needed to get us there? More creative structuring, more risk-taking, more trust, more collaboration.

Advancing Collaborative Finance for SDGs

In September 2018, on the margins of the United Nations General Assembly meetings, Sarona co-hosted a summit entitled "Putting ink to paper: Innovative public-private finance deals in the pursuit of the SDGs."

This high-level summit brought together fund managers, heads of state, development finance institutions, and major NGOs from across North America, Africa and the Caribbean.

*Sarona's companies' contribution to the SDGs
(as a percentage of the total number of companies)*



Our Impact Reporting Framework

Our Impact Reporting Framework is grounded in three foundational pillars – private investment in emerging markets, ethical social and environmental values, and strong financial returns. These pillars drive our innovative investment approaches which produce measurable impacts.

We integrate current and emerging impact measurement approaches, and report on: creating jobs, empowering women, improving governance, improving job quality, reducing environmental footprint, and contributing to sustainable communities.

Ultimately, these impacts yield sustainable benefits across the SDG spectrum.



Overall Impact Results: A Snapshot

Sarona's Six Impact Objectives: Progress Report 2018 in Summary¹

Every year, Sarona seeks to measure the overall progress of its portfolio companies. To aggregate the responses received from our portfolio companies, we continue to combine them into our six key impact objectives



Creating Jobs

187k full-time positions at 229 eligible companies

17k jobs created during the year



Empowering Women

1/3 of full-time positions are held by women

28% of managers are women

16% of company board members are women



Improving Job Quality

\$7mm average wages paid per company
(or \$8.7k per employee)

56% increase in training, with an average of 593 employees
trained per company

Over **94%** of employees receive health insurance or
maternity/paternity leave



Improving Governance

98% of companies comply with social and environmental
regulations

98% of companies produced annual audited financial
statements, providing greater transparency to shareholders

\$573mm in corporate taxes paid, sustaining local
government services



Reducing Environmental Footprint

5GW of clean energy generation capacity

65% of companies have policy statement documenting
their commitment to the environment

47% of companies have a pollution prevention and waste
management in place



Contributing to Sustainable Communities

211mm clients benefitted from portfolio companies'
activities, up from 136mm in 2017

65k suppliers providing goods and services to portfolio
companies, including 33k smallholder farmers

¹ Please refer to Appendix A - Methodology - on how figures were obtained as well as for attribution considerations



Impact Results by Objective Area



Creating Jobs

A growing, profitable business is able to provide a greater number of employment opportunities and with higher quality benefits than a less profitable one.

There is a strong correlation between the number of jobs created and profitability. This highlights that long-term positive financial performance arises from high-growth companies, which are the focus of our strategy.¹

At the end of 2018, the 229 companies in Saroná's portfolio employed a total of 187k people. The majority of the portfolio companies have less than 300 employees each.

187k
full-time positions
at 229 companies
with **17k jobs**
created in 2018

Size of companies	
24%	23%
companies have less than 100 employees	companies have 100-300 employees
30%	23%
companies have 301-1,000 employees	companies have more than 1,000 employees



¹ IFC, 2013. Assessing Private Sector Contributions to Job Creation.

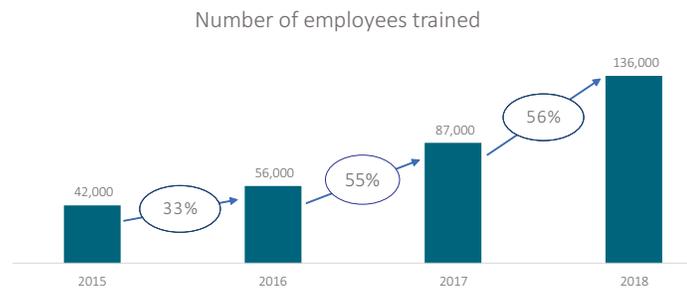


Improving Job Quality

Job creation alone does not automatically translate into positive social outcomes. We not only measure the number of jobs created but also the quality of those jobs.

Fair pay and benefits, access to training and high-quality health and safety standards all contribute to a sustainable and rewarding working environment. Such practices increase productivity and employee retention, driving value creation.

We have identified several IRIS metrics (see Appendix D) related to the provision of benefits, employee training and health and safety performance as a proxy for job quality. In 2018, our portfolio companies continued to provide high-quality benefit packages. Maternity and paternity leave was the benefit provided most frequently (94%), while most of the companies also provided access to healthcare (88%). Other benefits – such as pension, disability coverage and life insurance – were also provided but sporadically.



Companies also continued to invest in training and developing their employees, with nearly three quarters (73%) participating in training programmes. An average of 42% more employees per company were trained by their respective employers, equating to some 49k more employees trained compared to the previous year.

Proportion of companies providing different benefits to its employees	
Maternity / paternity leave	94%
Health insurance	88%
Paid vacation	68%
Retirement provisions	62%
Disability coverage	54%
Life insurance	39%
Dental insurance	38%
Stock ownership	21%

Work-related injuries in developing countries are still too common. One of Sarona’s selection criteria requires GPs to focus on implementing appropriate policies and procedures to minimise health and safety risks within their portfolios, but even so, accidents still occur. In

2018, the average number of injuries dropped to one injury per company, down from three injuries per company in 2017. Overall, the estimated number of injuries in the portfolio dropped from 666 in 2017 to 241 in 2018.

Our Approach to ESG Risk Tracking

According to our Social and Environmental Management System (SEMS), Sarona maintains an ESG risk register and ensures all its side letters include notification requirements to be followed by the GPs when certain ESG events occur.

These events may include: a fire or explosion, fuel or chemical spill, significant pollution discharge, major injuries or fatalities, regulator enforcement actions, major security breaches, strikes or employee unrest, incidents that require operations to be substantially curtailed or shut down, etc.

We process these ESG events and work with the GPs to determine the elements that led to the event, as well as what can be learned and changed to prevent recurrences. Thankfully, these ESG events are still relatively rare, but they do occur, and Sarona aims to quickly work with the GPs to mitigate risks and ensure GPs can avoid future incidents.

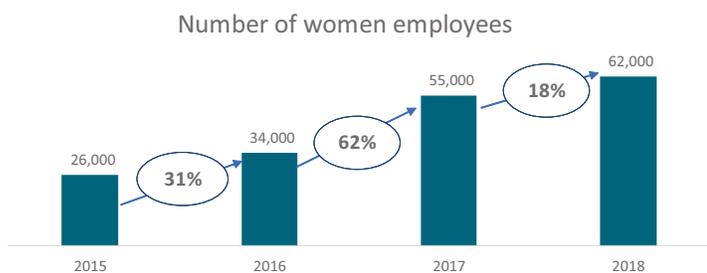


Empowering Women

According to the World Bank, women represent approximately 33% of the workforce in lower middle-income countries and, increasingly, outnumber men in higher education.¹ This growing talent pool presents unique opportunities for business and development. Nevertheless, women continue to be held back by wage inequality and social pressures.

Sarona and its GPs are keen to encourage companies to provide equal opportunities to enable women employees to make a meaningful impact on performance.

In 2018, 33% of the 187k full-time jobs in Sarona’s portfolio companies were held by women. 28% of the managerial positions were held by women. 16% of the board seats were held by women, which is in line with a Deloitte study that looked at nearly 7,000 companies in 44 countries and showed that women held 15% of board seats globally.²



¹World Bank Data

²Deloitte, 2016. Women in the boardroom: A Global perspective

Promoting gender equality internally and externally

MEDA has been increasing understanding of and improved strategies for gender issues in Sarona’s portfolio companies. MEDA recently launched its GEM Framework for assessing and improving performance of companies in gender inclusion and women’s economic empowerment. This framework, funded by USAID, was designed for and has been tested on Sarona’s portfolio companies. Participating companies reported better analysis of the positive relationship between financial performance and gender, and expect to achieve business outcomes as a result of implementing gender mainstreaming strategies.

To learn more about the GEM Framework, visit: meda.org/gem





Reducing Environmental Footprint

As part of our commitment to sustainability, we strive to foster a meaningful set of environmental and social values that will shape the way businesses operate for years to come. The IRIS metrics we have chosen to measure our companies' progress reflect our concern for backing businesses that apply the right environmental values and practices.

In 2018, 65% of our investee companies indicated that they had an official policy statement documenting the organisation's commitment to the environment, while 28% also conducted periodic compliance audits to evaluate their progress.

The environmental objectives most frequently pursued by our companies are those designed to improve operational efficiency and reduce costs. 47% of the companies reported that their key objective was pollution prevention and waste management, closely followed by energy and fuel efficiency (42%).

Our companies also report that they have the capacity to generate 5GW of clean energy, supporting the electricity needs of over 12.4mm people a year.

5GW

of clean energy capacity, supporting the electricity needs of nearly 12.4mm people a year

68%

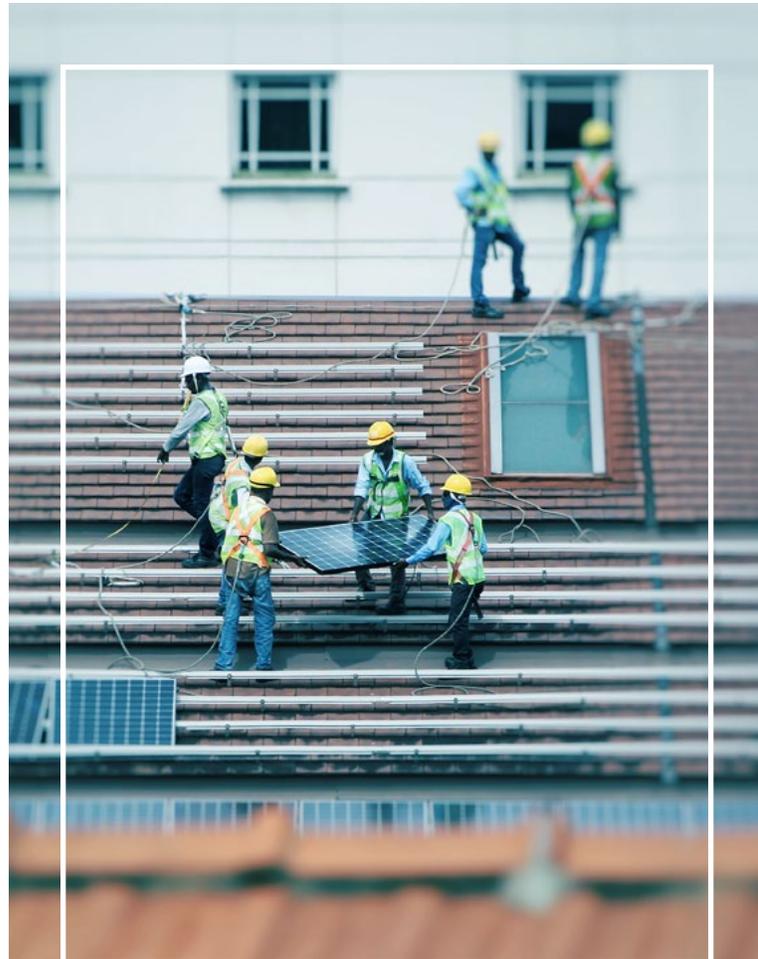
of companies actively pursue at least one environmental objective

113bn litres

of greywater recycled each year, equivalent to ~45k Olympic size swimming pools

Proportion of companies pursuing the top five environmental objectives

Pollution prevention and waste management	47%
Energy and fuel conservation	42%
Sustainable energy	31%
Natural resource conservation	21%
Water resource management	19%





Improving Governance

152

companies claimed third-party certifications, a 35% increase year-over-year

Good corporate governance and ethical behavior can lead to better financial performance and improve the overall risk–return profile of our investments.

By reducing compliance, regulatory and reputational risks, and increasing transparency, the likelihood of an exit at a premium valuation increases.

In 2018, 98% of investee companies indicated they were in full compliance with local labour, tax and environmental regulations. In addition, 98% of the companies produced annual audited financial statements, providing greater transparency to shareholders.

In 2018, our portfolio companies contributed \$573mm in corporate tax payments – up 39% from the previous year – with an average of \$2.5mm per company.

Improved corporate governance can also be observed as companies increasingly seek third-party certifications and adhere to global, regional and local standards. In 2018, 152 companies claimed third-party certifications, representing a 35% increase year-over-year.

Some of the IRIS metrics we use to measure governance in our companies reflect a clear business rationale, while others focus on social issues, such as child labour. Currently, 83% of the investee companies have a child labour policy in place. What matters most is that by simply asking questions such as this, we send a clear message to our investees that Sarona, as an investor, cares about these issues. We have noticed that this alone is sometimes sufficient to prompt companies and fund managers to take action when needed.

\$573mm

contributed in corporate taxes in 2018, a 39% increase year-over-year



Distribution of companies by amount of corporate tax paid (n = 170 reporting companies)





Building Sustainable Communities

We want to make a positive difference by deploying smart, active capital to local PE managers. For us, the communities that provide workers, clients and support to our companies are important stakeholders.

In 2018, our companies served nearly 211mm clients, with an additional 68mm people gaining access to products and services offered by our portfolio companies during the year.

Highlights of our customer base include:



Customers are not the only ones to benefit from the activities of our portfolio companies. Companies also contribute to improved financial condition of suppliers, staff and local governments. Over 65k suppliers sold to our companies, including nearly 33k smallholder farmers. The same companies paid a total of \$1.6bn in wages, averaging \$7mm per company and \$8.7k per full-time employee.



211mm

clients served in 2018, up from 136mm in 2017 and 85mm in 2016

\$1.6bn

paid in full-time wages by portfolio companies

Proportion of companies declaring a commitment to the top five social objectives

Employment generation	85%
Income / productivity growth	68%
Equality & empowerment	55%
Community development	43%
Access to financial services	36%

A photograph of a wind turbine in a mountainous landscape at sunset. The sky is a mix of blue, orange, and pink, with some clouds. The turbine is white and has 'edison' and 'case' written on it. The background shows rolling mountains and a valley.

Company Case Studies

Sector	Financial
Business Focus	Vehicle Financing
Impact Focus	Financial inclusion
Fund Name	Kandeo II
Investment Date	May 2016
Investment Size	\$13.2mm

In 2018, Acceso served over 15k clients and the company is currently providing financing to more than 50% of all the natural gas vehicles sold in Peru.

In 2018, taxis accounted for more than half of Acceso’s loan portfolio and almost 80% of outstanding loans. Since 2010, the company has only financed the acquisition of liquefied natural gas (LNG) and liquefied petroleum gas (LPG) fuelled taxis, thus promoting air quality improvement in Peru’s heavily contaminated urban environments.

Peru has one of the lowest penetrations of vehicle use in Latin America and there is a limited supply of vehicle financing available among traditional financiers. Through its vehicle finance activities, Acceso helps clients become self-employed and offers them financial inclusion – some 40% of its new clients in 2017-2018 were previously unbanked.

In addition to its consumer segment, the company aims to increase its business in the SME segment, targeting some 1.5k new SME clients over the next few years.



SDG Impacts



Acceso Crediticio is a leading Peruvian vehicle financing institution. The company focuses primarily on financing taxis for low-income customers, which the company is able to efficiently serve because of proprietary systems and processes that allow them to better manage risks than the traditional financial institutions in Peru. Recently, the company has expanded its product offering to include consumer vehicles, buses and trucks, among others, which also receive insufficient attention from local banks.

Impacts:

- » Greater local financing capacity beyond the traditional banking sector
- » Enhanced employment generation and financial inclusion

Outcomes:

- » Increased access to financing for lower-income consumers and MSMEs
- » Enhanced local economic activity

Outputs:

- » Reduced carbon emissions and improved air quality by financing LNG/LPG vehicles

Activities:

- » Providing access to commercial vehicle finance for previously unbanked populations

Making a Difference

01

Growing financial inclusion

Improved access to financial services and credit for underserved lower-income consumers.

02

Improved local economic activity

Enables taxi drivers to convert from renting a vehicle to owning a vehicle, which increases income and promotes business growth.

03

Cleaner air and environment

Encourages the adoption of lower-carbon vehicle alternatives – LNG/LPG. 100% of the taxis financed are converted to run on natural gas.

SDG Impacts



Sector	Healthcare
Business Focus	Medical devices
Impact Focus	Health
Fund Name	Pera Capital Partners Fund I
Investment Date	December 2016
Investment Size	\$5.6mm

Founded in 2009 and based in Turkey, Asset Medikal is a specialty medical device design and manufacturing company that focuses on infection control and healthcare safety products. They have developed a unique disposable infusion product range that includes needle-free valves and connectors. Asset Medikal is pursuing FDA and Anvisa certification for North and South America so that their products can be sold in those markets. The company employs 110 people (69% of employees are women).

The company offers creative, high-quality and affordable products by building on their experiences with leading institutions in the field. For a decade before starting Asset Medikal, the founding shareholders were distributors of needle-free valves for a major global medical components and devices company. The founders leveraged this prior experience to begin manufacturing their own patented needle-free valve design, which they branded as “FlowArt”.

Healthcare workers are at high risk of exposure to infectious disease via needle stick accidents and contact with patient blood or other bodily fluids. Asset Medikal’s innovative products improve process efficiencies and minimise risk, including occupational risks and intravenous treatment risks. Their products also improve patient comfort and minimise treatment costs.

The company’s operations comply with applicable government regulations and certifying authorities, including ISO certification. They also have enhanced corporate governance by developing a board strategy with new financial and operational KPIs.



Impacts:

- » Producing an innovative product that makes the infusion process safer and faster while creating jobs, especially for women (69% of total employment)

Outcomes:

- » Safe alternative to conventional caps – needle-free valves reduce the risk of infection
- » Improved quality of products due to rigorous reviews and process improvements

Outputs:

- » FlowArt-branded products sold into local markets and via distributors for export markets
- » ISO certified operations

Activities:

- » Turkey’s only needle-free valve and connector producer
- » Development of own brand – FlowArt
- » Research and development in the field

Making a Difference

01

Improved health and safety

Primary focus on the production of infection-control and healthcare safety products.

02

Strong export market growth

Products are sought after in the EU due to high quality and competitive pricing.

03

Focus on enhanced ESG

The company has strengthened its corporate governance and undergone an extensive ESG assessment and action plan.

SDG Impacts

Sector	Industrial
Business Focus	Vehicle manufacturing and assembly
Impact Focus	Job creation, job quality and corporate governance
Fund Name	Mediterrània Capital II
Investment Date	November 2014
Investment Size	\$11mm



Centrale d'Équipement et Carrosserie Industrielle (C.E.C.I.) is a leader in truck body manufacturing, truck and bus assembly, and spare part sales in Morocco and Algeria. C.E.C.I. services well-known brands while also manufacturing truck bodies under its own brand. The company also assembles school buses, ambulances and storage trucks. It operates on a business-to-business as well as a business-to-consumer model. The company employs 158 people.

Considered a market leader in both Morocco and Algeria, C.E.C.I.'s competitive advantage lies in its range of business activities, from truck and trailer body manufacturing to sales and distribution. This range of activities, along with its key partnerships with international brands, has enabled the group to acquire a loyal clientele across numerous sectors.

The group, with its considerable market know-how and highly skilled engineers, is constantly seeking innovative manufacturing solutions to improve its vehicle quality and productivity, match customer specifications and embrace collaborative working, while also giving priority to driver safety and ergonomics.

The company has embedded ESG into its business model, including appointing a Group-level EHS Manager to oversee business units in Morocco and Algeria, and ensuring consistency of practices and procedures across these units. C.E.C.I. is also developing a supply chain governance strategy that will cover all its operating sites.

The company has recently undertaken measures to improve employee health and safety, and to use eco-friendly refrigerant in its manufacturing of refrigerated trucks. Their factory has also been redesigned to improve markings for safety and improve painting operations so that they are cleaner and carried out in a restricted area without releasing hazardous contaminants into the air.

Impacts:

- » Improved vehicle quality aligned with market specifications, with a priority on driver safety

Outcomes:

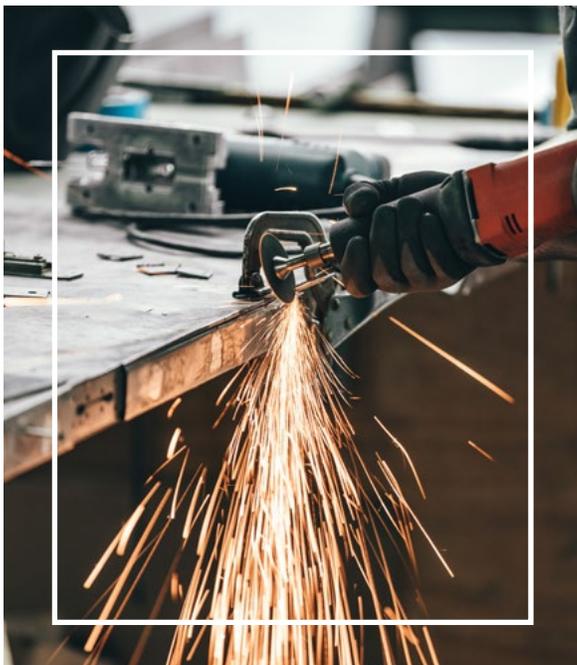
- » Creating jobs through business growth and technology improvements

Outputs:

- » Enhanced investment in worker health and safety and environmental sustainability
- » Improved corporate governance and management practices

Activities:

- » Manufacture and assembly of truck and trailer bodies; spare part sales



Making a Difference

- 01 ESG embedded in business model
Group-level EHS manager ensures consistent design and application of best practices.
- 02 Improved worker health and safety
Improved ergonomics and safety of workstations; enhanced employee satisfaction.
- 03 Reduced energy consumption
Recent measures include improved floor insulation and efficient lighting solutions.

Green Light Planet



Sector	Financial
Business Focus	Financing for off-grid electricity
Impact Focus	Affordable energy
Fund Name	APIS I
Investment Date	November 2017
Investment Size	\$25mm

Greenlight Planet’s (GLP’s) products help families live safer and more productive lives while also reducing harmful greenhouse emissions via alternatives to costly and polluting kerosene-powered lamps.

Currently, some 1.2 billion people – many in developing countries – spend over \$25bn per year on dim, non-environmental energy sources for lighting (such as kerosene and car batteries). Kerosene-fuelled lighting accounts for up to 0.5% of global emissions, mainly due to black carbon emissions resulting from incomplete combustion of kerosene. Off-grid solar power systems mitigate these adverse environmental and climate effects.

GLP’s low-cost Sun King domestic solar lighting and power devices provide families with multi-room lighting and phone charging capabilities.

By offering affordable financing for its solar devices, GLP increases the accessibility of its products and helps more consumers gain access to clean, off-grid sources of light and electricity. The company provides unbanked consumers with their first access to formal financial services (by extending credit in the form of a high-value asset that is paid off over time), which creates behavioural credit history/scores for these consumers that can help them gain additional services in the future.



SDG Impacts



Greenlight Planet, Inc. is a leading provider of off-grid solar financing products for energy and financially underserved rural populations in Africa and Asia. The Company focuses on providing the most affordable and highest quality products in the market via local distribution partnerships as well as directly through the company’s own network of retail stores and sales agents. GLP employs over 1,100 people (33% are female) and has sold some 10 million units across 60 countries.

Impacts:

- » Cleaner and more affordable energy across a large addressable market
- » Providing unbanked customers with their first access to financial services and helping them to establish credit histories

Outcomes:

- » Reduced greenhouse gas emissions
- » Improved health and well-being as families switch from kerosene to solar

Outputs:

- » Distributed some 10 million units to date

Activities:

- » Off-grid solar financing in Africa and Asia
- » Distribution and financing of the Sun King brand across 60 countries

Making a Difference

01

Clean energy access and affordability

GLP’s “EasyBuy” financing alleviates the pay up-front barrier to the affordability of solar home systems.

02

Enhanced financial inclusion

Previously unbanked consumers access financial services and establish credit histories.

03

Improved health and well-being

Less exposure to harmful carbon emissions; reliable lighting and electricity.

Sustainable Impact: Beyond the Exit

It is gratifying to see the fruits of our labour now appearing and being harvested. This year, in addition to our traditional GP and investee case studies, we are pleased to present an exit story as well. Though our work with some investees is drawing to a close, that does not mean our impact goes away. We, and our local private equity partners, have set many promising enterprises on permanent paths of growing prosperity and sustainable impact for their employees and their communities. We are tremendously proud of their accomplishments, and the related legacy impacts.

An Exit Story



“KHL has not only significantly increased its revenue base over the investment period, but it has also doubled its Large Volume Parenteral capacity allowing it to provide more life-saving drugs at affordable prices. At the same time, KHL has also doubled its staff numbers helping to increase employment in the region. Through this positive impact, KHL has demonstrated that it is possible to improve financial performance and deliver sustainable social impact.”

George Odo, AfriInvest Senior Partner and MD shared in a September 2018 press release announcing the exit.



Kiboko (Kiboko Holdings Limited)

Kiboko is a Mauritius-based company with diverse interests across the East African region in a variety of sectors including fast-moving consumer goods, pharmaceutical manufacturing and distribution, and insurance brokerage. The company has activities in Uganda, Tanzania, Rwanda, Burundi and Kenya.

Sector	Healthcare
Business Focus	FMCG and pharmaceuticals
Impact Focus	Social & environmental welfare, corporate governance
Fund Name	AfriInvest Fund II
Investment Size	\$13.6mm
Exit Date	September 2018

The Exit

The exit was realised through a buy-back by the management team after the holding company sold its pharmaceutical business, AK Life Science, to a global private equity firm. The management team used the proceeds from that sale to acquire the stake held by AfriInvest II while retaining control of the remaining fast-moving consumer goods distributor.

Over the course of AfriInvest’s investment, production capacity of the pharmaceutical business increased to achieve scale and profitability; a new warehouse for the FMCG business was built; and several ESG initiatives were implemented. What’s more, AfriInvest helped the group to reorganise and streamline its operations and strengthen its governance.



GP Case Studies

SDG Impacts



Fund Name	Alta Growth Capital, Mexico Fund II, L.P. (Alta II)
Region	Mexico
Sectors	Generalist
Investment Style	Investments in small to mid-market companies operating in Mexico. The companies serve the demands of the growing and emerging middle class
Vintage	2014
Fund Size	\$152mm
Total Assets Under Mgt	Ca \$400mm
Fund Numbers	At the end of 2018, the Fund's portfolio companies employed approximately 5,400 people, ca. 40% of whom are women

Fund regional exposure



Founded in 2006, Alta Growth Capital (Alta) manages private equity funds focused on growth equity investments in mid-market companies in Mexico. The strategy seeks to benefit, directly or indirectly, from domestic demand for goods and services and the growing middle class. The team of investment professionals has deep business networks and significant financial and operational experience. The fund manager has invested in, and is seeking to invest in, established companies with experienced management teams. They are looking for competitive advantages as well as good exit prospects. While there is no specific sector focus, target areas include consumer goods, financial services, housing, healthcare and entertainment.

Sarona invested in Alta II in June 2015. Our investment committee was impressed with the fund manager's diverse and local team, hands-on approach, stable track record and active pipeline. Despite a lack of exits from their previous fund at the time of investment, Sarona felt confident supporting this manager. Alta has since proven its ability to execute on exits and provide strong financial returns to its investors.

ESG approach core to entire investment process

The fund continually strives to ensure effective social & environmental management practices in all its activities, products and services. All projects are reviewed and evaluated against (the standards):

- » The IFC Exclusion List;
- » The applicable national laws on environment, health, safety and social issues and any standards established therein; and
- » The IFC Performance Standards

To this end, the fund will more specifically

- » Ensure that all activities undertaken by the Fund are consistent with the standards;
- » Ensure that all potential investments are reviewed against the standards;
- » Finance companies only when they are expected to be operated and maintained in a manner consistent with the standards;
- » Make best efforts to ensure that all portfolio companies are operated in compliance with the standards on an ongoing basis, during the life of the Fund's participation as an investor;
- » Ensure transparency in its activities; and
- » Ensure that the management and the shareholders of the portfolio companies understand the policy commitments made by the Fund in this area.

Industry engagement

Alta is committed to responsible investing and is active in the following initiatives:

- » Alta shares its expertise by participating in industry conferences
- » Member of the Mexican Association of PE & VC Fund (AMEXCAP)
- » Member of the Latin American Venture Capital and Private Equity Association (LAVCA)
- » Member of EMPEA

Plans for 2019

Alta is focusing on several key initiatives:

- » Completing the fundraising of Alta's successor fund which is approaching a final close. The fund will have a similar strategy to Alta II
- » Fully exiting the predecessor fund, Alta I. There are a few assets remaining
- » Completing an additional exit in Alta II after one company has already been exited successfully
- » Building the portfolio for the successor fund
- » Continue to work on growing and improving operations of the current portfolio companies

Examples in the Alta II portfolio include:

- » Extended Suites is the first hotel chain in Mexico focused solely on servicing the low-cost extended stay sector. Founded in 2009, the company targets clients of the highly fragmented two- to four-star hotel segment, which represents over 46% of total hotel rooms in Mexico. Extended Suites operates ten hotels in Monterrey, Coatzacoalcos, Ciudad del Carmen, Ciudad Juarez, Tijuana, Mexicali, Celaya, Saltillo, Chihuahua, and Cancun.
- » Pequeño Caesarmex is a franchisee of the international pizza chain Little Caesars. As of March 2019, total restaurant count stood at 95 – up from an initial 20 upon investment.
- » Grupo Industrial Artes Graficas is a labels manufacturer in Mexico with multinational corporations and AAA national clients such as Nestle and PepsiCo. Their main products include paper, flexible, and shrink sleeve labels. With more than 320 employees, the company offers an integrated service including design, production, and delivery.
- » EAS Holding Inc provides loss prevention services to the retail industry in Latin America. The company sells products from tier-one loss prevention and security brands and provides consulting, installation and maintenance services to its customers. It is currently the third largest player in Mexico with ca. 19% market share in the Electronical Article Surveillance segment.

The Limited Partner:

Sarona's Perspective

“Alta Growth Capital, with its five partners and solid supporting team, have proven to be the leading private equity firm for mid-market companies in Mexico. We appreciate their business acumen, as well as the progressive management systems they install in each of their portfolio companies. Much of the amazing growth in developed markets over the past 100 years was accomplished without much regard for the environment. Today, that is not an option. With Alta as our key Mexican partner, we can ensure that people and the environment are improved rather than exploited.”

Patrick Hergt,

Investment Associate, Sarona

The General Partner:

Alta's Perspective

“Alta Growth Capital focuses on investing in small and medium-sized enterprises in Mexico and Latin America. We take a hands-on approach to help these companies professionalize and grow by applying best practices in corporate governance and operations. In this way, we are able to create positive opportunities and outcomes for thousands of people in Mexico and beyond both within our companies and in the communities in which we operate”.

Scott McDonough,

Managing Partner, Alta Growth Capital

VenturEast

Fund Name	VenturEast Life Fund III (VenturEast)
Region	India
Sectors	Healthcare, Life Sciences, Agribusiness
Investment Style	Focuses on high growth SMEs, which are implementing products with a technology angle
Vintage	2010
Fund Size	\$93mm
Total Assets Under Mgt	\$325mm
Fund Numbers	Focuses on high growth SMEs, which are implementing products with a technology angle

VenturEast is an Indian private equity firm that was set up in the mid-1990s and is now managing its third fund. The team has invested in companies at different stages of development, starting from early stage to growth stage. VenturEast has dedicated funds and teams for each sector – life sciences and healthcare and separately for technology driven businesses. VenturEast focuses on rapidly growing businesses that have clearly defined competitive advantages. The fund manager is a hands-on investor, establishing close relationship with the entrepreneurs and bringing value through their own capabilities within VenturEast’s team or through their large industry network.

Sarona invested in VenturEast in December 2011. Our investment committee was impressed with the fund manager’s relevant investment experience, stable team and its aim to improve millions of lives by developing pharmaceutical products, medical equipment and clean energy.

SDG Impacts



Fund regional exposure



Social and environmental management practices in all activities

VenturEast ensures all its activities, products and services comply with their Social & Environmental Management System (SEMS). At an initial stage of inquiry, VenturEast will apply IFC’s Exclusion List to the related investment projects. If the investment project does not involve an excluded activity then VenturEast conducts ESG due diligence either in-house or it may hire external consultants, depending on the risk level of the related investment project. Where gaps are identified during due diligence, a corrective action plan will be agreed upon with the portfolio company and continuously implemented pre- and post-investment.

Furthermore, the fund manager is committed to:

- » Ensuring that its fund, and the businesses in which its capital is invested, comply with all applicable laws
- » Minimising adverse impacts and enhancing positive effects on the environment and all stakeholders (including employees and any affected communities) as relevant and appropriate for the businesses in which the fund’s capital is invested
- » Encouraging the businesses to make sustainable and efficient use of natural resources and to protect the environment
- » Encouraging the operation of the businesses in which the fund’s capital is invested to be carried out in accordance with international industry practices
- » Preparing an annual environmental performance report, based on the data received from underlying investee companies

Industry engagement

VenturEast is committed to responsible investing and is active in the following initiatives:

- » VenturEast shares its expertise by participating in industry conferences
- » Member of the Indian Private Equity & Venture Capital Association
- » Member of EMPEA

Plans for 2018

VenturEast is focusing on these key initiatives:

- » Executing several exits from VenturEast Life Fund III
- » Helping portfolio companies on operational aspects, such as raising funds for new investment rounds, commercialisation of products, new market expansion and entry analysis

Company Portfolio Examples

- » Pinnacle Engines is a US-based engine technology company that has developed a novel internal combustion engine design that could be 25-50% more fuel efficient than traditional engines, while maintaining a good emissions profile.
- » HealthVista is India's largest technology-enabled home healthcare company. The company provides home visits by doctors, nurses and physiotherapists for patients requiring primary, post-surgical and chronic medical care. The company's differentiators include integration with hospitals as well as the use of technology, including capturing patient health records and providing real-time patient information to referring physicians.
- » Perpetual is in the business of design and development of recycling technologies, focusing on making end applications using post-consumer used PET bottles. Also, manufacturing environmentally beneficial, sustainable Polyester Filament Yarn from used PET bottles, at its plant in Nashik, India.
- » Diabetomics is a medical device company which has developed a novel patented product for saliva-based regular monitoring for blood glucose levels among diabetes patients. This non-invasive test is expected to gain fast adoption in the point-of-care diagnostics segment.

The Limited Partner:

Sarona's Perspective

"VenturEast is one of the deep impact investors in India, especially within digital health, agribusiness and clean-tech segments. Their investments aim to touch people's lives in areas such as reduced water consumption, increased efficiency of energy use or pollution prevention."

Emre Karabekirogullari,
Investment Associate at Sarona Asset Management

The General Partner:

VenturEast's Perspective

"VenturEast Life Fund provides capital to deep technology producers in India, in order to produce added value products that may not only help people in India but also the whole world. There are 450+ patents filed by the portfolio companies of VenturEast Life Fund and those companies raised 10x more capital from other investors after receiving VenturEast funding."

Sarath Naru,
Managing Partner



Appendices

Appendix A : Methodology

Sarona's annual Values Report is the culmination of months of quantitative and qualitative data gathering from our underlying funds and investee companies.

Annually, Sarona requests data relating to 22 pre-agreed Impact Reporting & Investment Standards (IRIS) metrics from all companies to whom our four portfolios have provided equity capital, either directly or indirectly through the underlying private equity funds. These four portfolios include: Sarona Frontier Markets Funds 1 & 2 as well as the Sarona Trade Finance Fund and the MEDA Risk Capital Fund (MEDA managed account).

There are 296 companies across Sarona's portfolios, of which 229 are active companies. The difference between these two figures are companies excluded from the impact survey as they are private debt investments held in pooled credit funds. Of the active companies, some have stopped operations and are also excluded from the impact survey which leaves us 229 companies that are active and operational. Of these, 192 provided impact data to Sarona, an 84% response rate. Sarona received this data through impact questionnaires we sent and/or ESG reports shared with Sarona. Sarona then cleaned and aggregated the data to allow for an analysis of the results.

To obtain a more complete picture of Sarona's impact, we modified our approach in 2016 to aggregating impact metrics across our portfolio companies. In previous years, we reported based only on the data provided by the underlying managers for their companies. Since 2016, in addition to the data supplied by the companies, we used an extrapolation technique to statistically estimate the data for companies that did not complete the questionnaire.

As a result, total figures for all 229 companies in this report are calculated as the sum of the responses from the 192 reporting companies plus the median of those responses multiplied by the number of companies that did not respond.

In addition to the quantitative data, we also collect qualitative data on the impact of our portfolio companies and funds. During 2018, we interacted with all our GPs and with a select number of their investee companies. The report includes 6 case studies which illustrate Sarona's impact across our investment mandates, regions, sectors and impact themes.

Impact attribution considerations

This report reflects quantitative data relating to companies in their entirety, not pro-rata relating to Sarona's ownership. We believe Sarona has significant impact on the investment industry ecosystem and therefore calculating attribution is very challenging. For readers' information only, we own an indicative average of 4.2% of the 229 companies mentioned, whether directly or indirectly through funds.

Sarona investments	Count	Sarona weighted average ownership
Underlying funds	35	8.7%
Investment in companies through funds	229	3.5%
Direct investments in companies	14	6.1%

Appendix B : Industry Associations



The International Limited Partner Association (ILPA) Private Equity: As a signatory of the ILPA Private Equity Principles, Sarona forms part of a community of investors that actively seeks to promote transparency, good governance and alignment of interest. We strive to adopt best practices that provide consistency, standardisation, benchmarks and structure in order to allow for better returns and a more sustainable private equity industry.



United Nations Principles for Responsible Investment (PRI): We are a signatory to the PRI and voluntarily disclose our Environmental, Social & Governance (ESG) processes through the public Responsible Investing Transparency Report. Backed by the United Nations, the PRI constitutes an approach to investment explicitly acknowledging that the generation of long-term sustainable returns is dependent on stable, well-functioning and well-governed social, environmental and economic systems. It is driven by a growing recognition in the financial community that effective research, analysis and evaluation of ESG issues is a fundamental part of assessing the value and performance of an investment over the medium and long-term, and that this analysis should inform asset allocation, stock selection, portfolio construction, shareholder engagement and voting. Responsible investment requires investors and companies to take a wider view, recognising the full spectrum of risks and opportunities facing them, in order to allocate capital in a manner that is aligned with the short and long-term interest of their clients and beneficiaries.



Global Impact Investing Network (GIIN): Sarona is a member of the Investors Council of the GIIN, a leadership group of active large-scale impact investors seeking to strengthen the practice of impact investing and accelerate learning about new areas in the field. Within this role we have adopted the use of Impact Reporting and Investment Standards (IRIS) metrics, which you will see in this report. These metrics help us to assess our social and environmental performance in a standardised way.



B Lab: B Lab is a non-profit organisation, which introduced the B Corporation Certification for profit organisations based on an assessment of the firm's social and environmental performance. The "B" stands for "beneficial" and acknowledges that the certified company meets certain standards of transparency, accountability, sustainability and performance. Sarona has been a certified B Corp since 2011. In 2018, B Lab recognised Sarona for creating the most positive overall social and environmental impact in its seventh annual 'B Corp Best for the World' list. To be part of this list, a corporation has to earn an overall score in the top 10% of nearly 2,500 certified B Corporations from over 100 industries in 52 countries on the B Impact Assessment. This is a rigorous and comprehensive assessment of a company's impact on its workers, community and the environment.



Global Impact Investing Rating System (GIIRS): Powered by B Lab, the GIIRS rating provides us with a comprehensive and transparent system to assess the social and environmental impact of funds before we invest. Sarona is the first company to use the preliminary fund manager impact assessment score as part of its due diligence process.



Impact Reporting and Investment Standards (IRIS): Managed by the GIIN and B Lab, IRIS is the catalog of generally-accepted performance metrics that leading impact investors use to measure social, environmental, and financial success, evaluate deals, and grow the credibility of the impact investing industry.



ImpactAssets 50: The ImpactAssets 50 is an annually updated list of top impact investors that seek to add social and environmental value, in addition to financial returns. In 2018, Sarona was once again nominated as one of the ImpactAssets 50 Fund Managers.



Canada Forum for Impact Investment and Development: Sarona is a member and chairs the board of the Canada Forum for Impact Investment and Development. CAFIID is a platform for members to learn, share, collaborate and act as a collective voice to strengthen the value and the volume of impact investment in developing countries.



Emerging Markets Private Equity Association: Sarona is a member of EMPEA, a global industry association for private capital in emerging markets. An independent, non-profit organisation, the association's membership comprises 300+ firms representing institutional investors, fund managers and industry advisors who together manage more than US\$5tn in assets across 130 countries. EMPEA's members share the organisation's belief that private capital is a highly suited investment strategy in emerging markets, with a unique ability to deliver attractive long-term investment returns and promote the sustainable growth of companies and economies.

Appendix C : Exclusion List

Sarona has adopted the latest version of the IFC Exclusion List as its own.

The IFC Exclusion List defines the types of projects which they will not finance. Exclusion applies only to companies that are materially involved in unacceptable activities. In cases where the activity concerned is ancillary to the companies' primary operations, exclusion will not apply.

- » Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under CITES
- » Production or trade in weapons and munitions
- » Production or trade in alcoholic beverages (excluding beer and wine)
- » Production or trade in tobacco
- » Gambling, casinos and equivalent enterprises
- » Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded
- » Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%
- » Drift net fishing in the marine environment using nets in excess of 2.5 km in length

All financial intermediaries (FIs), except microfinance and trade finance, must apply the following exclusions, in addition to IFC's Exclusion List:

- » Production or activities involving harmful or exploitative forms of forced labour/ harmful child labour
- » Commercial logging operations for use in primary tropical moist forest
- » Production or trade in wood or other forestry products other than from sustainably managed forests

When investing in microfinance activities, FIs will apply the following items in addition to the IFC Exclusion List:

- » Production or activities involving harmful or exploitative forms of forced labour/ harmful child labour

- » Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products
- » Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples

When investing in trade finance, given the nature of the transactions, FIs will apply the following items in addition to the IFC Exclusion List:

- » Production or activities involving harmful or exploitative forms of forced labour/ harmful child labour

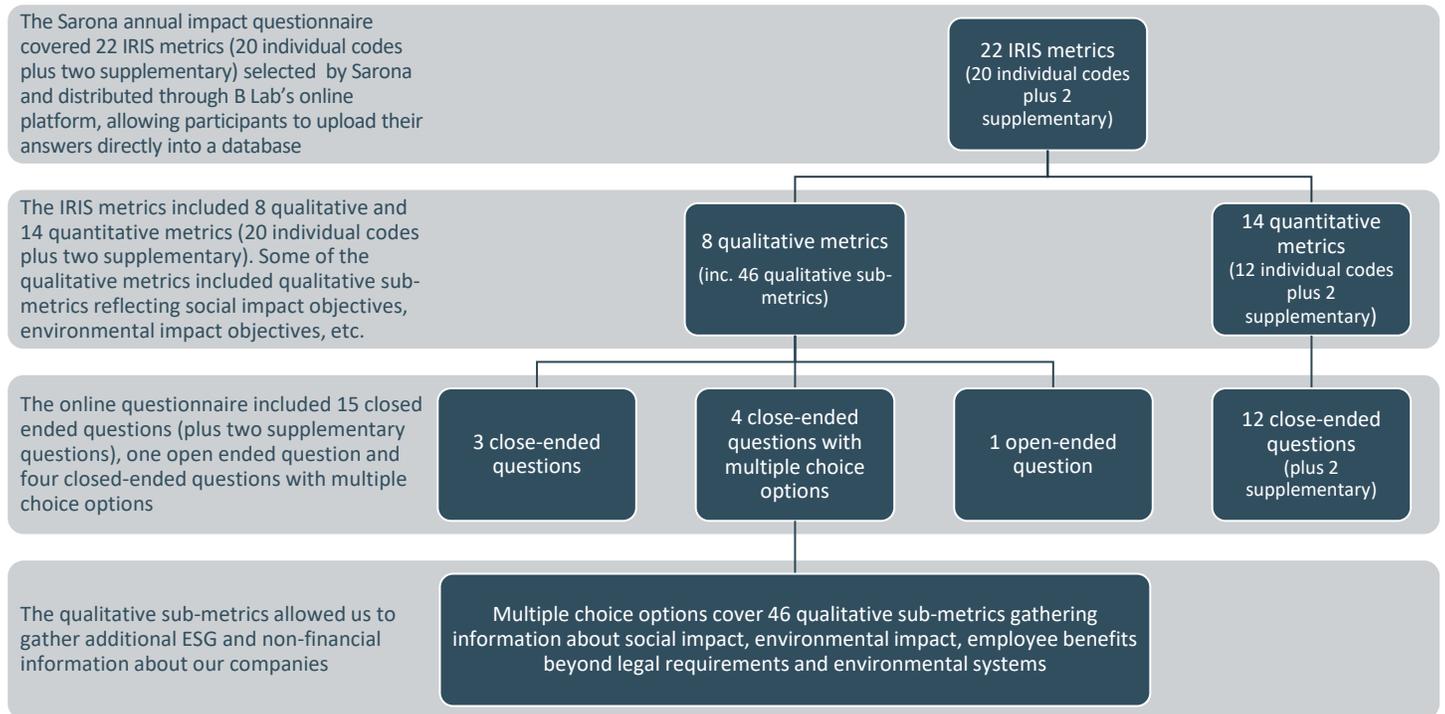
Appendix D : Selected IRIS Metrics

OD6247	Social impact objectives	Select all of the social objectives that apply to the Company: access to clean water, access to education, access to energy, access to financial services, access to information, access to education, affordable housing, agricultural productivity, capacity-building, community development, conflict resolution, disease-specific prevention and migration, employment generation, equality and empowerment, food security, generate funds for charitable giving, health improvement, human rights protection or expansion, income/productivity growth, other	N=136
OD4108	Environmental impact objectives	Select all environmental objectives that apply to the Company: biodiversity conservation, energy and fuel efficiency, natural resources conservation, pollution prevention & waste management, sustainable energy, sustainable land use, water resources management	N=102
OI9379	Local compliance	Indicate whether the organization has been found to be out of compliance with any local labor, tax, or environmental regulations during the reporting period. (Y/N)	N=135
OI5164	Financial statement review	Indicate whether it is the organization's policy to produce financial statements that are verified annually by a certified accountant. (Y/N)	N=124
OI4432	Child labor policy	Indicate whether the organization has a written child labour policy in line with International Labour Organization (ILO) standards. (Y/N)	N=107
OI1120	Operational certifications	List the third-party certifications held by the organization that are related to its business processes and practices and that are valid as of the end of the reporting period. (Open ended)	N=38
OI2742	Employment benefits	Benefits to full-time employees. Check all that apply: health insurance, dental insurance, disability coverage, paid vacation, life insurance, maternity/paternity leave, retirement provisions, stock ownership, other	N=100
OI1254	Environmental management system	Components of the organization's environmental management system. Choose all that apply: policy statement documenting the organization's commitment to the environment, internal or external assessment undertaken of the environmental impact of the organization's business activities, stated objectives and targets for environmental aspects of the organization's operations, programming designed (with allocated resources) to achieve these targets, periodic compliance and auditing to evaluate programs conducted, other	N=73
OI1075	Board of directors: total	What is the number of members of the organization's Board of Directors or other governing body, as of the end of the reporting period?	N=123
OI8118	Board of directors: female	What is the number of female members of the organization's Board of Directors or other governing body, as of the end of the reporting period?	N=106
OI3160	Full-time employees: total	Please enter number of full-time employees at the end of the reporting period.	N=146
OI6213	Full-time employees: female	Please enter number of full-time female employees at the end of the reporting period.	N=133

OI8251	Full-time employees: managers	Please enter number of full-time management employees at the end of the reporting period. <i>Management is defined as any employee having other employees report to them.</i>	N=90
OI1571	Full-time employees: female managers	Please enter number of full-time female management employees at the end of the reporting period. <i>Management is defined as any employee having other employees report to them.</i>	N=86
OI5887	Full-time wages	Please enter the amount of full-time wages for the reporting period in USD.	N=73
OI3757	Occupational injuries	Indicate the number of occupational injuries which affected any full-time, part-time or temporary employee of the organization during the reporting period.	N=88
OI3757	Occupational injuries (supplementary)	Indicate the number of work related deaths of any full-time, part-time, or temporary employee of the organization during the reporting period.	N/A
OI4229	Employees trained: total	Number of employees (full-time, part-time, or temporary) that were trained through programs provided by the organization (both internally and externally) during the reporting period.	N=90
PI4060	Client individuals: total	Number of organizations or individuals who were clients during the reporting period. <i>For microfinance clients, this refers to active clients. For healthcare providers, this refers to patients. For education, this refers to students.</i>	N=75
PI4060	Client individuals: total (supplementary)	Number of organizations or individuals who were the end client beneficiaries of the good or service. <i>For example, this question aims to identify how many end consumers a diaper manufacturer that sells to retailers that then sell to end consumers or a pharmaceutical wholesaler who sells to pharmacies who then sell to end consumers.</i>	N=150
PI9566	Supplier: total	Estimated number of companies and individuals that sold to the organization during the reporting period.	N=63
FP5261	Taxes	Value of all transfers to the government made by the organization, during the reporting period. <i>At a minimum, this includes payments to the government in the form of corporate income or profit taxes. Additional forms of transfer to be reported as appropriate include (i) sales taxes, (ii) net VAT, (iii) royalties, (iv) dividends and related taxes, (v) management and/or concession fees, (vi) license fees, (vii) tax on payment of interest, and (viii) other material payments net of any direct subsidies received.</i>	N=94

	Qualitative metric
	Quantitative metric

Appendix E : Summary Description IRIS Questionnaire





SARONA

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