



LEA 02	Disclosures	Monetary	Principles
<p>By providing investors the ability to view and compare the ESG performance of individual investments, Sarona Asset Management provides transparency into the ESG performance of its investments. This transparency is provided through the Sarona ESG Reporting Framework, which is available on the Sarona website.</p>	<p>LEA 02</p>	<p>Monetary</p>	<p>Principles PRI 1, 2, 3</p>
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p>To support investment decision-making in &amp; company research</p> <p>To enhance corporate transparency or identify the need for additional information</p> <p>To engage internal ESG advisors</p> <p>To engage internal ESG advisors</p> <p>Other: specify</p> <p>We do not engage internal staff</p> <p>To support investment decision-making in &amp; company research</p> <p>To enhance corporate transparency or identify the need for additional information</p> <p>We do not engage internal ESG advisors</p> <p>To support investment decision-making in &amp; company research</p> <p>To enhance corporate transparency or identify the need for additional information</p> <p>We do not engage internal ESG advisors</p>	<p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p>To support investment decision-making in &amp; company research</p> <p>To enhance corporate transparency or identify the need for additional information</p> <p>To engage internal ESG advisors</p> <p>To engage internal ESG advisors</p> <p>Other: specify</p> <p>We do not engage internal staff</p> <p>To support investment decision-making in &amp; company research</p> <p>To enhance corporate transparency or identify the need for additional information</p> <p>We do not engage internal ESG advisors</p> <p>To support investment decision-making in &amp; company research</p> <p>To enhance corporate transparency or identify the need for additional information</p> <p>We do not engage internal ESG advisors</p>

# RI TRANSPARENCY REPORT

## 2016

Sarona Asset Management

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2016 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	✓	Private							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	Additional information about organisation	-	n/a							✓
OO 11	RI activities for listed equities	🔒	n/a							✓
OO 12	RI activities in other asset classes	✓	Public							✓
OO 13	Modules and sections required to complete	✓	n/a							✓

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	RI goals and objectives	✓	Public							✓
SG 05	Main goals/objectives this year	-	n/a							✓
SG 06	RI roles and responsibilities	✓	Public							✓
SG 07	RI in performance management, reward and/or personal development	-	n/a							✓
SG 08	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09	Promoting RI independently	✓	Public				✓			
SG 10	Dialogue with public policy makers or standard setters	-	n/a				✓	✓	✓	
SG 11	ESG issues in strategic asset allocation	-	n/a	✓						
SG 12	Long term investment risks and opportunity	✓	Private	✓						
SG 13	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 14	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 15	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 16	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
SG 17	Innovative features of approach to RI	-	n/a							✓
SG 18	Internal and external review and assurance of responses	-	n/a							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Role of investment consultants/fiduciary managers	✓	Public				✓			
SAM 02	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 03	Breakdown by passive, quantitative, fundamental and other active strategies	🔒	n/a							✓
SAM 04	ESG incorporation strategies	🔒	n/a	✓	✓					
SAM 05	Selection processes (LE and FI)	🔒	n/a	✓						✓
SAM 06	Appointment considerations (LE and FI)	🔒	n/a				✓			
SAM 07	Monitoring processes (LE and FI)	🔒	n/a	✓						
SAM 08	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 09	Selection processes (PE, PR and INF)	✓	Public	✓						✓
SAM 10	Appointment considerations (PE, PR and INF)	-	n/a				✓			
SAM 11	Monitoring processes (PE, PR and INF)	✓	Public	✓						✓
SAM 12	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓						✓
SAM 13	Examples of ESG issues in selection, appointment and monitoring processes	-	n/a		✓					
SAM 14	Disclosure of RI considerations	✓	Public							✓

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Private							✓
PE 02	Typical level of ownership	✓	Private							✓
PE 03	Description of approach to RI	-	n/a	✓						✓
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 06	Formal commitments to RI	-	n/a				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	-	n/a	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	-	n/a	✓		✓				
PE 11	Encouraging improvements in investees	-	n/a	✓	✓					
PE 12	ESG issues impact in selection process	-	n/a	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	-	n/a		✓					
PE 16	Type and frequency of reports received from portfolio companies	-	n/a		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	-	n/a		✓					
PE 18	ESG issues affected financial/ESG performance	-	n/a	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	-	n/a	✓	✓					
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 21	Approach to disclosing ESG incidents	✓	Private							✓

Direct - Inclusive Finance				Principle							General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	7	
IFD 01	Mission and investment objective	-	n/a								✓
IFD 02	Governance, management structures and processes	-	n/a								✓
IFD 03	Social targets	-	n/a								✓
IFD 04	Percentage in equity, debt and guarantees	✓	Private								✓
IFD 05	Percentage in microfinance and/or SME finance	✓	Private								✓
IFD 06	Geographical spread of microfinance investments	🔒	n/a								✓
IFD 07	Tracking microfinance investees portfolio	🔒	n/a	✓							
IFD 08	Support financial services beyond credit, compulsory savings and/or compulsory insurance	🔒	n/a	✓							
IFD 09	Support the introduction of services tailored to the 'poor', 'very poor' and 'low income'	-	n/a	✓							
IFD 10	Technical assistance to investees	-	n/a	✓							
IFD 11	Public endorsement of the Client Protection Principles	🔒	n/a		✓						
IFD 12	Provide training and assistance for investees implementing the Client Protection Principles	🔒	n/a		✓						
IFD 13	Include the Client Protection Principles in investment policies	🔒	n/a		✓						
IFD 14	Investment in local currency	🔒	n/a			✓					
IFD 15	Average maturity of debt investments	🔒	n/a			✓					
IFD 16	Average holding period of equity investments	🔒	n/a			✓					
IFD 17	Terms and conditions	✓	Public			✓					
IFD 18	Tools for social performance reporting	✓	Public				✓				
IFD 19	Retail institutions have independent financial/social rating and/or social audit	✓	Public				✓				
IFD 20	Due diligence on and monitoring and reporting of corporate governance among investees	✓	Public				✓				
IFD 21	Training or assistance for investees on corporate governance	-	n/a				✓				
IFD 22	Percentage of investees where board seats are held	🔒	n/a				✓				
IFD 23	Procedure to integrate environmental issues in investment decision processes	✓	Public				✓				
IFD 24	Anti-corruption and whistle-blowing policies	-	n/a				✓				
IFD 25	How mission and investment objectives are communicated to stakeholders	-	n/a					✓			
IFD 26	Investors and/or the public provided with information aligned with industry standards	✓	Public					✓			
IFD 27	Transparency of pricing, terms and conditions among investees	✓	Public					✓			
IFD 28	How social performance of investees affects decision making and portfolio	✓	Public						✓		

	management													
IFD 29	Staff incentives linked to social performance measures	-	n/a										✓	
IFD 30	Collecting data regarding social outcomes of investees work	-	n/a										✓	
IFD 31	Incentivise investees to track social performance	-	n/a										✓	
IFD 32	Collaborative initiatives your organisation has supported or participated in	✓	Public											✓
IFD 33	Encouraging investees to participate in collaborative initiatives	-	n/a											✓
IFD 34	Encouraging your investees to participate in initiatives which contribute to the development of industry benchmarks	-	n/a											✓

Indirect - Inclusive Finance				Principle							General	
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	7		
IFI 01	Percentage of externally managed assets in inclusive finance managed by PIIF signatories	✓	Private									✓
IFI 02	Due diligence policies and/or procedures for the selection of external investment managers	✓	Public									✓
IFI 03	Including issues referred to in the PIIF	✓	Public									✓
IFI 04	Monitoring managers' implementation of the PIIF	✓	Public									✓
IFI 05	Managers provide information in line with established industry standards	-	n/a									✓
IFI 06	Disclosure of approach to RI in inclusive finance	✓	Public									✓
IFI 07	Contributing to promotion of RI in inclusive finance	-	n/a									✓



# Sarona Asset Management

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

- Fund management
- Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%
- Other, specify
- Execution and advisory services

OO 01.2 Additional information. [Optional]

Sarona manages two discretionary portfolios and provides advisory services to one client.

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Canada

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

17

OO 03	Mandatory	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

30/06/2015

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM			200	000	000
Currency	USD				
Assets in USD			200	000	000

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

Publish our asset class mix as percentage breakdown

Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	10-50%	>50%
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0

Farmland	0	0
Inclusive finance	<10%	<10%
Cash	0	0
Other (1), specify	<10%	<10%
Other (2), specify	0	0

'Other (1)' specified

Private Debt

**OO 06.2** Publish our asset class mix as per attached image [Optional].

### Gateway asset class implementation indicators

**OO 12** **Mandatory** **Gateway** **General**

**OO 12.1** Select internally managed asset classes where you implemented responsible investment into your investment decisions and/or your active ownership practices (during the reporting year)

- Private equity
- Inclusive finance
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

Private Debt

**OO 12.2** Select externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)

- Private equity
- Inclusive finance
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

Private Debt

# Sarona Asset Management

## Reported Information

### Public version

### Strategy and Governance

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## Responsible investment policy

SG 01

Mandatory

Core Assessed

General

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate what norms have you used to develop your RI policy.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

<b>SG 01.4</b>	Provide a brief description of the key elements of your investment policy that covers your responsible investment approach [Optional].
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Sarona will make investments that seek to generate strong financial returns while promoting positive ethical, social and environmental values. To meet this vision, Sarona will seek improvements in each investee's environmental, social and governance (ESG) metrics during the life of the investment. Sarona's investments will contribute positively to the United Nations Sustainable Development Goals.

Sarona will respect the principles of the UN Global Compact, refrain from investing in certain industries and companies, and evaluate investment opportunities with both ESG risks and the potential for ESG improvements in mind. Where possible, Sarona will seek to add value to improve an investee's ESG outcomes.

No

<b>SG 02</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide URL and an attachment of the document.
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- Policy setting out your overall approach
- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors
- Screening / exclusions policy
- We do not publicly disclose our investment policy documents

<b>SG 02.2</b>	Additional information [Optional].
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Sarona publishes Annual Values Report, reporting on IRIS metrics, measuring the impact of the company's global emerging markets portfolio. In 2015, the report shared findings gathered from 137 impact questionnaires, 13 impact case studies, two ESG case studies and two Sustainability Innovation Grant (SIG) fund case studies. The Annual Values Report is well integrated in Sarona's internal and external reporting, allowing it to better communicate the results of its investment activities. You can download the report at: <http://www.saronafund.com/docs/2015valuesreport.pdf>

Furthermore, in the future, Sarona will consider making certain investment policies available more publicly.

<b>SG 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>General</b>
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<b>SG 03.1</b>	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

**SG 03.2**

Describe your policy on managing potential conflicts of interest in the investment process.

Sarona is a Registered Investment Adviser under US SEC supervision. In accordance with our registration as an RIA, Sarona maintains a compliance manual that provides guidance on how to deal with conflicts of interests. Furthermore we also have conflicts of interest policies detailed in the offering memorandums of the funds we manage as well as investment allocation policies to determine how to share investment opportunities equitably between clients.

No

## Objectives and strategies

**SG 04****Mandatory****Gateway/Core Assessed****General****SG 04.1**

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

**SG 04.2**

Additional information. [Optional]

Annually, we review all of our policies and procedures including our Social and Environmental Management Systems and our Responsible Investing policy.

## Governance and human resources

**SG 06****Mandatory****Core Assessed****General****SG 06.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.



## Roles present in your organisation

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - co-Managing Partner**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

### SG 06.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

The whole Sarona team has come together because of a shared belief in the importance of sustainable and responsible investing. The management team in general, and the four partners in particular, set the vision and monitor its application to all its activities.

**SG 06.3**

Indicate the number of dedicated responsible investment staff your organisation has.

Number

0

**SG 06.4**

Additional information. [Optional]

Sarona does not have dedicated RI staff. The whole team of Sarona has some RI responsibilities embedded in their day to day roles.

## Promoting responsible investment

**SG 08**

Mandatory

Core Assessed

PRI 4,5

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 08.1**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
  
- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action for the 21st Century
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify  
    **Global Impact Investing Network (GIIN)**

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

**B Lab**

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

Other collaborative organisation/initiative, specify

<b>SG 09</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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**SG 09.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**SG 09.2** Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

**Implementation not in other modules**

<b>SG 14</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>General</b>
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**SG 14.1** Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

<b>Asset Class</b>	<b>Describe what processes are in place and the outputs or outcomes achieved</b>
Other (1) [as defined in Organisational Overview module]	N/A. We report on all asset classes in our portfolio.

<b>SG 15</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 15.1</b>	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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<b>Asset Class</b>	<b>Describe what processes are in place and the outputs or outcomes achieved</b>
Other (1) [as defined in Organisational Overview module]	N/A. We report on all asset classes in our portfolio.

# Sarona Asset Management

## Reported Information

### Public version

#### Indirect – Manager Selection, Appointment and Monitoring

## PRI disclaimer

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## Overview

SAM 01	Mandatory	Core Assessed	PRI 4
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**SAM 01.1** Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- Yes, we use investment consultants
- Yes, we use fiduciary managers
- No

SAM 02	Mandatory	Gateway	General
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**SAM 02.1** Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**SAM 02.2** Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

When selecting GPs Sarona assesses and scores their current ESG practices and programmes. For managers who do not have sufficient programmes in place an action plan has to be developed and implemented post investment. We also evaluate if there is a fit between Sarona's values and ESG requirements and those of our GPs. If we feel that there is no good match then the GP might not be selected.

## Private equity (PE), property (PR) and infrastructure (INF)

### Selection

SAM 09	Mandatory	Core Assessed	PRI 1-6
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**SAM 09.1** In your manager selection process for the following assets, indicate whether your organisation and/or your investment consultant typically take any of the following actions.

General

	PE		
Used the PRI's LP DDQ during discussions with managers as part of your selection process	<input type="checkbox"/>		
Review the manager's/general partner's responsible investment policy	<input checked="" type="checkbox"/>		
Discuss the manager's governance and management of responsible investment	<input checked="" type="checkbox"/>		
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>		
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>		
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>		
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>		
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	<input checked="" type="checkbox"/>		
Review the manager's responsible investment disclosure, excluding PRI reporting	<input checked="" type="checkbox"/>		
Review the manager's PRI Transparency or Assessment reports	<input type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation, specify in 09.2	<input checked="" type="checkbox"/>		
Other general aspects in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

#### Investment selection (pre-investment) of underlying holding

	PE		
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	<input checked="" type="checkbox"/>		
Other pre-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

#### Investment monitoring (post-investment) of underlying holding



	<b>PE</b>		
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	<input checked="" type="checkbox"/>		
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	<input checked="" type="checkbox"/>		
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	<input checked="" type="checkbox"/>		
Other post-investment aspects reviewed in your selection process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

<b>SAM 09.2</b>	Provide additional information on how weighting of ESG factors in your manager evaluation are applied.
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Sarona has an internal fund manager score for ESG assessment. It also considers the impact / ESG approach using a spider web tool after an on site due diligence. It has also partnered with B Lab to score each manager using a third party methodology on the impact investment approach used by the fund manager.

## Monitoring

<b>SAM 11</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1-6</b>
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<b>SAM 11.1</b>	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:
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	General
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	PE		
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>		
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>		
Review manager's responsible investment reporting excluding PRI	<input checked="" type="checkbox"/>		
Review the manager's PRI Transparency or Assessment reports	<input type="checkbox"/>		
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>		
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input checked="" type="checkbox"/>		
Other general aspects of your monitoring, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

#### Investment selection (pre-investment) of underlying holding

	PE		
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	<input checked="" type="checkbox"/>		
Other ways ESG issues are incorporated in the pre-investment process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

#### Investment monitoring (post-investment) of underlying holding

	PE		
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	<input checked="" type="checkbox"/>		
Request examples of ESG issues identified within the portfolio and action taken in response	<input checked="" type="checkbox"/>		
Request details of how ESG factors were considered when preparing to exit from investments	<input checked="" type="checkbox"/>		
Other ways ESG issues are monitored in the post-investment process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

## Communication

<b>SAM 14</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**SAM 14.1** | Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

Yes, we disclose information publicly

provide URL

<http://www.saronafund.com/responsible-investments/>

**SAM 14.2** | Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

Yes

**SAM 14.3** | Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

How responsible investment considerations are included in manager selection, appointment and monitoring processes

Details of the responsible investment activities carried out by managers on your behalf

E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership

Other, specify

No

Yes, we disclose information to clients/beneficiaries only

We do not proactively disclose information to the public and/or clients/beneficiaries

# Sarona Asset Management

## Reported Information

Public version

Direct – Private Equity

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## Overview

PE 04	Mandatory	Core Assessed	PRI 2
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**PE 04.1** Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

- Our investment guidelines do refer to responsible investment

**PE 04.2** Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].

Sarona believes companies should conduct their business in a manner that delivers sound environmental and social outcomes. In addition, Sarona seeks partners that invest and support businesses that balance economic, social and environmental considerations to deliver sustainable performance and value.

This Social & Environmental Management System (SEMS) procedure manual outlines the requirements and obligations of Sarona and its staff as it relates to the implementation of Sarona's Impact Investment Vision and Responsible Investment Policy and provides a systematic approach to ensure compliance thereof.

Sarona will ensure that:

It complies with the UN GC

It complies with Sarona's general investment exclusion list

It complies with the host country's applicable environmental and social laws as a minimum;

It is committed to sharing how Sarona's activities are contributing to the UN SDGs; and

It is committed to a process of continuous ESG performance improvement and will strive to achieve international best practices.

In order to monitor and report adequately the results of our investment activities, we will provide sufficient information to our investors and other stakeholders to assess Sarona's impact at least annually using generally acceptable impact metrics and impact case studies.

- Our investment guidelines do not refer to responsible investment
- We do not have investment guidelines

## Fundraising of private equity funds

PE 05	Mandatory	Core Assessed	PRI 1,4,6
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**PE 05.1** Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

- Yes

PE 05.2

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes
- No
- Not applicable as our organisation does not fundraise

### Pre-investment (selection)

PE 07

Mandatory

Gateway

PRI 1

PE 07.1

During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

- Yes

PE 07.2

Describe your organisation's approach to incorporating ESG issues in private equity investment selection.

Each investment opportunity is assessed not only on financial potential, but also on social and environmental impact. During the due diligence process Sarona looks closely at whether a particular private equity fund will focus on inherently impactful sectors and/or has the explicit intention to improve the ESG behaviour of their portfolio companies. During our market mapping we identify impactful funds by screening for teams that have invested and improved companies thanks to their knowledge of local and international standards. Secondly, during due diligence we engage with the broader communities in which a fund has operated, as well as with the fund management team itself, and verify that reality meets expressed intentions.

- No

PE 09

Mandatory

Core Assessed

PRI 1,3

PE 09.1

Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

#### ESG issues

- Environmental

List up to three typical examples of environmental issues

Sustainability

Water

Land use

- Social

List up to three typical examples of social issues

Gender inclusion

Employment generation and improvement

Access to financial services

Governance

List up to three typical examples of governance issues

HR Policies

Code of ethics

Board composition

## Post-investment (monitoring and active ownership)

PE 13

Mandatory

Gateway/Core Assessed

PRI 2

PE 13.1

Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

Yes

PE 13.2

Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 13.3

Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

### ESG issues

Environmental

List up to three example targets of environmental issues

Pollution prevention & waste management

Sustainable land use

Energy and fuel efficiency

Social

List up to three example targets of social issues

Employment generation

Income/productivity growth

Community development

Governance

List up to three example targets of governance issues

Improved board governance

Provision of secondary benefits

Companies have an occupational worker safety policy

We do not set and/or monitor against targets

No

PE 14	Mandatory	Core Assessed	PRI 2
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**PE 14.1** Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

Yes

**PE 14.2** Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

(in terms of total number of portfolio companies)

No

## Communication

PE 20	Mandatory	Core Assessed	PRI 6
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**PE 20.1** Indicate whether your organisation proactively discloses ESG information on your private equity investments.

Disclose publicly

provide URL

<http://www.saronafund.com/docs/2015valuesreport.pdf>

**PE 20.2** Indicate whether the type of ESG information you proactively provide to the public is the same as that you provide to your clients (LPs)/beneficiaries.

Yes



**PE 20.3**

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients (LPs)/beneficiaries.

- ESG information in relation to our pre-investment activities
- ESG information in relation to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other, specify

**PE 20.4**

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients(LPs)/beneficiaries.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

**PE 20.7**

Describe the ESG information and how your organisation proactively discloses it to the public and/or clients (LPs)/beneficiaries. [Optional]

Sarona publishes an Annual Values Report, which seeks to communicate the impact of the company's PE investments across global emerging markets. The report expanded measurements from four to 33 quantitative and qualitative IRIS metrics in 2013. In 2015 Sarona's Values Report shared findings gathered from 137 impact questionnaires, 13 impact case studies, two ESG case studies and two Sustainability Innovation Grant (SIG) fund case studies. The Annual Values Report is well integrated in Sarona's internal and external reporting, allowing it to better communicate the non-financial results of its investment activities.

- No
- Disclose to investor clients (LPs)/beneficiaries only
- No proactive disclosure to the public or to clients (LPs)/beneficiaries

**PE 20.8**

Additional information. [Optional]

Link to 2015 Values Report: <http://www.saronafund.com/docs/2015valuesreport.pdf>

# Sarona Asset Management

## Reported Information

### Public version

### Direct - Inclusive Finance

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## PIIF Principle 3: Fair treatment

IFD 17

Mandatory

Core Assessed

PIIF 3

### **Possible action:**

*Negotiate terms and conditions that are transparent, fair and reasonable, including fair break-up clauses.*

IFD 17.1

Indicate if you adopt the following practices:

- Ensure that the investee understands the terms, covenants and their implications prior to signing loan / shareholder documentation.
- Foster trust and proactive dialogue with investees through straightforward discussions on issues such as a covenant breach.
- In the case of material covenant breach, create/participate in a voluntary workout group where applicable, with the goal to help the investee remain a going concern whenever possible.
- Encourage investee skills-building on financial projections, scenario planning and stress-testing for management, and on financial expertise and governance for Directors.
- Other (explain)

We ensure PE fund managers like MicroVest and our direct MFI investments adhere to the CGAP Client Protection Principles.

Indicate if these practices are formalised in written policies and procedures.

- Yes
- No
- None of the above

## PIIF Principle 4: Responsible investment

IFD 18

Mandatory

Gateway

PIIF 4

### **Possible action:**

*Negotiate terms and conditions that are transparent, fair and reasonable, including fair break-up clauses.*

IFD 18.1

Indicate if you use the following tools for social performance reporting:

### **Externally developed tools**

During due diligence.

- Yes
- No
- We don't track social performance

For monitoring and reporting purposes.

- Yes
- No
- We don't track social performance

#### In-house tools based on externally developed tools

During due diligence.

- Yes
- No
- We don't track social performance

For monitoring and reporting purposes.

- Yes
- No
- We don't track social performance

#### Tools developed solely in-house

During due diligence.

- Yes
- No
- We don't track social performance

For monitoring and reporting purposes.

- Yes
- No
- We don't track social performance

Describe the approaches used and frequency of use.

ESG Risk measurement for portfolio review done a quarterly basis

**IFD 19.1** Indicate if you require the retail institutions in which you invest to have an independent financial rating.

- Always
- In a majority of cases
- In a minority of cases
- No

**IFD 19.2** Indicate if you require the retail institutions in which you invest to have an independent social rating.

- Always
- In a majority of cases
- In a minority of cases
- No

**IFD 19.3** Indicate if you require the retail institutions in which you invest to have an independent social audit.

- Yes
- No

**IFD 20**

**Mandatory**

**Core Assessed**

**PIIF 4**

**Possible action:**

*Assist in developing appropriate references for corporate governance issues.*

**IFD 20.1** In relation to your due diligence on and monitoring and reporting of corporate governance among investees, indicate if you assess:

**Compensation of the Board of Directors and Executive Directors (i.e. its transparency, the use of benchmarking)**

**Pre-investment**

- Yes
- No
- Not for all of our investments in inclusive finance

**Post-investment**

- Yes
- No
- Not for all of our investments in inclusive finance

**Composition of the Board (i.e. breadth and depth of experience, effective client representation, diversity)**

Pre-investment

- Yes
- No
- Not for all of our investments in inclusive finance

Post-investment

- Yes
- No
- Not for all of our investments in inclusive finance

**Whether the Board receives social performance management-related information from the management team that is analysed and contributes to Board decision making.**

Pre-investment

- Yes
- No
- Not for all of our investments in inclusive finance

Post-investment

- Yes
- No
- Not for all of our investments in inclusive finance

IFD 23	Mandatory	Descriptive	PIIF 4
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**Possible action:**

*Assist in developing appropriate references for environmental issues.*

IFD 23.1 Indicate if you have a procedure to integrate the consideration of environmental issues in your investment decision processes.

- Yes
  - For all inclusive finance investments
  - For a majority of inclusive finance investments
  - For a minority of inclusive finance investments
- No

**IFD 23.4** Indicate if you request your investees to comply with an environmental exclusion list.

- Yes, for all investees
- Yes, for a majority of investees
- Yes, for a minority of investees
- No

## PIIF Principle 5: Transparency

**IFD 26**

**Mandatory**

**Core Assessed**

**PIIF 5**

**Possible action:**

*Fully disclose policies, criteria and related conditions of products and services to investees and other relevant stakeholders.*

**IFD 26.1**

Other than the PRI/PIIF, indicate if you provide your investors and/or the public with information aligned with industry standards.

- Yes

**IFD 26.2**

Do you provide information aligned with:

- The MIV Disclosure Guidelines
- The Impact Reporting & Investment Standards (IRIS)
  - Yes, to our investors only
  - Yes, to the public
- Other, specify
- No

**IFD 27**

**Mandatory**

**Core Assessed**

**PIIF 5**

**Possible action:**

*Ensure that investees adequately disclose the pricing, terms and conditions of financial products and services offered, and that the pricing, terms and conditions are understood by clients.*

**IFD 27.1**

Indicate if you encourage the retail institutions in which you invest to ensure that the following are transparent and fully explained to their clients (i.e. those seeking financial services from them) in a form they can understand.

Pricing

- Yes

IFD 27.2

Indicate how you ensure this for pricing and provide examples.

They must adhere to the CGAP Client Protection Principles.

No

Other terms and conditions

Yes

IFD 27.3

Indicate how you ensure this for other terms/conditions and provide examples.

They are encouraged to disclose their financial and impact information on the MixMarket.org website.

No

### PIIF Principle 6: Balanced returns

IFD 28

Mandatory

Core Assessed

PIIF 6

#### **Possible action:**

*Strive for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors.*

IFD 28.1

Indicate if the social performance of investees affects your:

Investment decision making

Yes

IFD 28.2

Explain how social performance of investees affects investment decision making.

The nature of social performance is included in the DD process and is weighed when decisions are made.

No

Portfolio management

Yes

IFD 28.3

Explain how social performance of investees affects portfolio management.

Significant issues will be reviewed in quarterly monitoring meetings to determine appropriate actions needed.

No



## PIIF Principle 7: Standards

IFD 32

Mandatory

Core Assessed

PIIF 7

### **Possible action:**

*Participate in networks to share tools, information and resources.*

IFD 32.1

Select which of the following collaborative initiatives your organisation has supported or participated in, and the role you played.

The Principles for Investors in Inclusive Finance

- Yes
  - Basic
  - Moderate
  - Advanced
- No

The Smart Campaign

- Yes
- No

Social Performance Task Force

- Yes
- No

Financial Inclusion Equity Council (formerly CMEF)

- Yes
- No

European Microfinance Platform (eMFP)

- Yes
- No

Global Impact Investors Network (GIIN)

- Yes
  - Basic
  - Moderate
  - Advanced
- No

Other network, association memberships and/or specific collaboration related to the promotion of inclusive finance, specify

Yes

No

# Sarona Asset Management

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Public version

Indirect - Inclusive Finance

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## Selection

IFI 02	Mandatory	Core Assessed	General
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**IFI 02.1** Indicate if you have due diligence policies and/or procedures in place for the selection of external investment managers in inclusive finance that take their approach to the following responsible investment issues (PIIF Principles) into account:

Actively supporting retail providers to innovate and expand the range of financial services available to low income people (Principle 1)

- Yes  
 No

Integration of client protection in investment policies and practices. (Principle 2)

- Yes  
 No

Treating investees fairly with appropriate financing that meets demand, clear and balanced contracts, and fair processes for resolving disputes. (Principle 3)

- Yes  
 No

The inclusion of environmental, social and corporate governance (ESG) issues in investment policies and reporting. (Principle 4)

- Yes  
 No

Active promotion of transparency in all aspects. (Principle 5)

- Yes  
 No

Striving for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors. (Principle 6)

- Yes  
 No

Collaborating to set harmonised investor standards that support the further development of inclusive finance. (Principle 7)

- Yes  
 No

## Contractual agreements and mandate design

IFI 03

Mandatory

Core Assessed

General

IFI 03.1

When agreeing contracts and designing mandates with investment managers, in the process, indicate if you consider including the following issues referred to in the PIIF:

Actively supporting retail providers to innovate and expand the range of financial services to low-income people (Principle 1)

Yes

Describe and indicate how.

DD discussions include what are the target markets, how products will reach these markets, how access to services & products will be increased, what are long-term goals

No

Integration of client protection in investment policies and practices (Principle 2)

Yes

Describe and indicate how.

Pre-investment DD and ongoing monitoring

No

Treating investees fairly with appropriate financing needs that meets demand, clear and balanced contracts and fair processes for resolving disputes (Principle 3)

Yes

Describe and indicate how.

Pre-investment DD and ongoing monitoring

No

The inclusion of ESG issues in investment policies and reporting (Principle 4)

Yes

Describe and indicate how.

Pre-investment DD and ongoing monitoring

No

Active promotion of transparency in all aspects (Principle 5)

Yes

Describe and indicate how.

Pre-investment DD and ongoing monitoring

No

Striving for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors (Principle 6)

Yes

Describe and indicate how.

Pre-investment DD and ongoing monitoring

No

Collaborating to set harmonised investor standards that support the further development of inclusive finance (Principle 7)

Yes

Describe and indicate how.

Pre-investment DD and ongoing monitoring

No

## Investment manager monitoring and reporting

IFI 04

Mandatory

Core Assessed

General

IFI 04.1

Indicate if you monitor your current investment managers' implementation of the PIIF principles.

Yes

IFI 04.2

Indicate the frequency of reporting you typically require.

Annually or more frequently

Every two years or less

Ad-hoc, specify

No

## Disclosure

IFI 06

Mandatory

Core Assessed

General

IFI 06.1

Indicate if your organisation proactively discloses any information about your approach to responsible investment in inclusive finance.

Yes, we disclose publicly

provide URL

<http://www.saronafund.com/responsible-investments/>

Yes, we disclose to clients/beneficiaries only

No