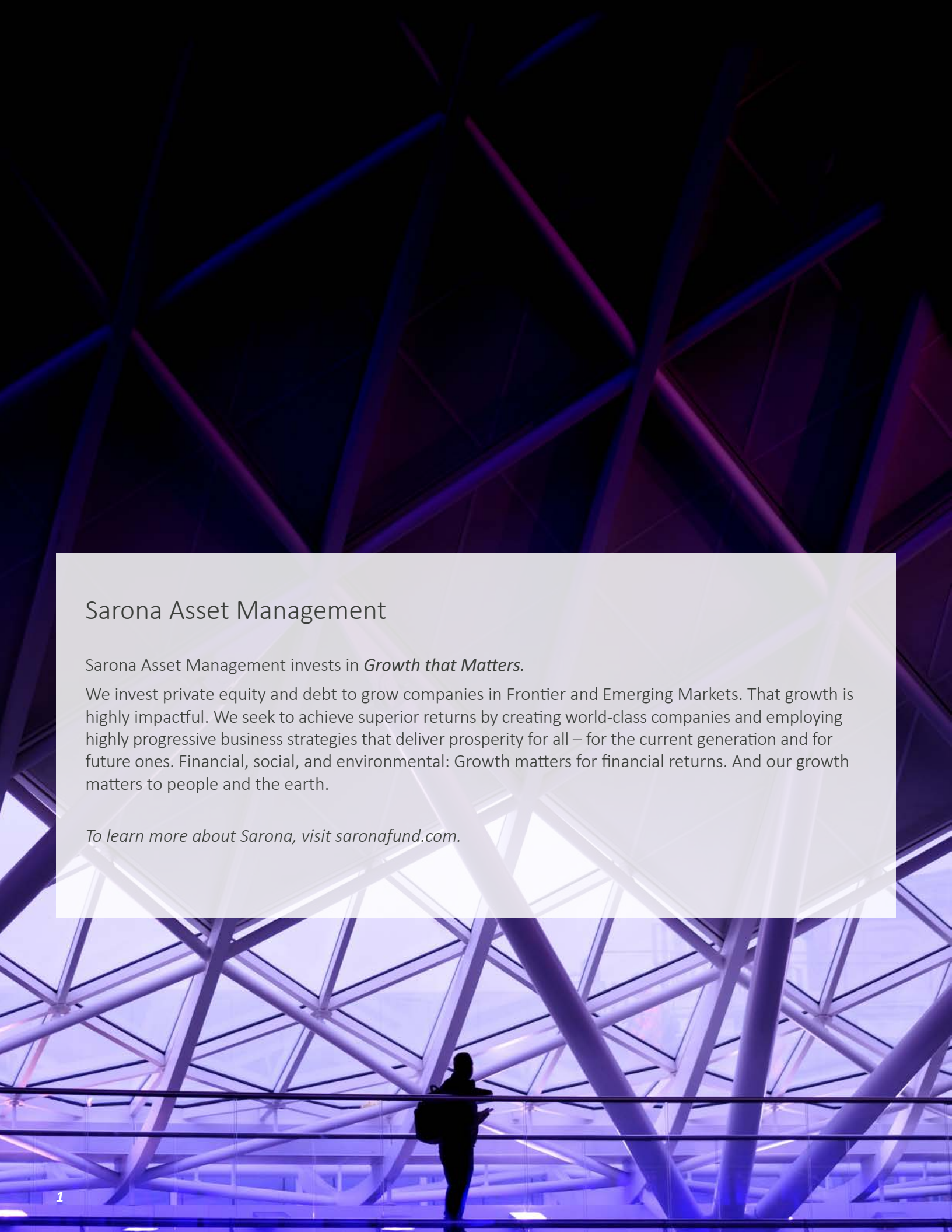
SARONA

DELIVERING PROSPERITY FOR ALL

Growth That Matters

2018 Annual Values Report



Sarona Asset Management

Sarona Asset Management invests in ***Growth that Matters.***

We invest private equity and debt to grow companies in Frontier and Emerging Markets. That growth is highly impactful. We seek to achieve superior returns by creating world-class companies and employing highly progressive business strategies that deliver prosperity for all – for the current generation and for future ones. Financial, social, and environmental: Growth matters for financial returns. And our growth matters to people and the earth.

To learn more about Sarona, visit saronafund.com.

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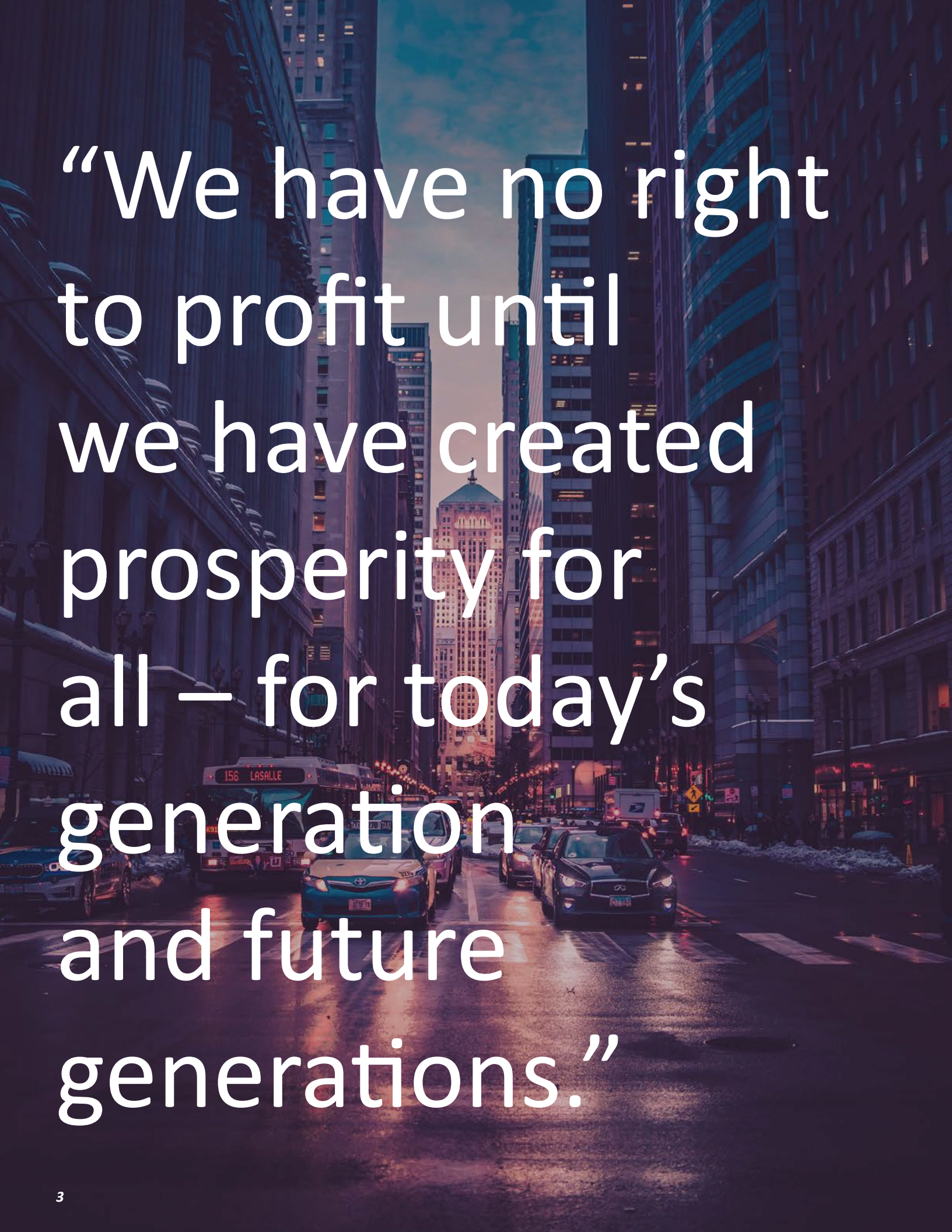


“We have no right to profit until we have created prosperity for all – for today’s generation and future generations.”

Welcome Message

My mother grew up in the old country, on a small subsistence farm. Displaced by revolution, war and hunger, they fled across the globe, coursing through safe houses, refugee camps and jungles, all in search of just one safe place to raise a family. Yes, she is special to me. But no, she is not unique. Hers is the lot of so many. Today, it is Syrians. Yesterday, it was Somalis. Before that, Vietnamese.

I am fortunate. My mother's ordeal allowed me to grow up in Canada: the safe home that my parents – and Vietnamese, Somalis and Syrians – have found. The lesson that my mother's journey imparted to me is that we're in this together – always care for others because someday you'll need their care.

This principle is the very essence of impact investing. As shareholders – business owners – we have no right to the spoils of profits until we have cared for our employees, our customers, our suppliers, our community. We have no right to profit until we have delivered a better Earth for our grandchildren. We have no right to profit until we have created prosperity for all – for today's generation and future generations.

Prosperity for all: Sarona takes this immense responsibility seriously, and this report explains how we do that.

Our challenge is to adequately communicate what impact means. Too often, impact is reduced to measuring what happens in portfolio companies. That is an excellent start – creating jobs, empowering women, improving governance and job quality, reducing environmental footprints and contributing to sustainable communities. But it isn't the only work we do, nor is it the most important.

First, and foremost, Sarona advances a global discourse on public-private collaboration to achieve the Sustainable Development Goals (SDGs). We are at an historic moment where cross-sector trust is building; where public and private players truly believe they can build a new economy by supporting each others' goals. Second, Sarona is building a stronger people- and Earth-centred consciousness across the investment industry. Such collaboration and consciousness will, we believe, lead to actions that deliver prosperity to all.

Our journey is inextricably connected to our many friends, partners and stakeholders around the globe. We remain grateful for your counsel and support, and for your unfailing commitment to our common cause. As always, we encourage your thoughts and feedback in helping us do better.

Sincerely,

Gerhard Pries, CEO and Managing Partner

Overview

Sarona invests in private companies in Frontier and Emerging Markets, targeting strong financial returns while simultaneously upholding positive ethical, social and environmental values. Our firm, based in Canada and the Netherlands, is a leader in innovative development finance, working with private and public partners to structure blended finance vehicles that achieve both financial goals and the Sustainable Development Goals (SDGs).

Sarona's mandates include direct and fund investment strategies focused on both debt and growth equity for private companies.

Sarona believes 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.

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

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

What We Believe

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.

Catalysing Prosperity at Three Levels

Sarona is a catalyst for positive change – changing how investors think about deploying capital in Frontier and Emerging Markets, changing how business is done, changing how businesses are run.

In acting to deliver prosperity to all, Sarona engages 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

Globally, we lead, innovate and collaborate with myriad actors and influencers seeking to change hearts and minds, drive impact, and promote sustainable growth across the developing world.

Among our 2017 global accomplishments, Sarona is a proud founding sponsor of the Canada Forum for Impact Investment and Development – an organisation that brings together diverse views and voices focused on transformative development. Sarona also served as the lead partner for a ground-breaking initiative to identify and develop innovative currency risk mitigation instruments tailored to the unique needs and challenges of private equity investors in emerging markets.

At the Global Level

Advancing Innovative Solutions to Reduce Currency Risk for Private Equity Investments in Emerging Markets

Currency risk is keeping billions of private-sector dollars on the sidelines that could otherwise be used for sustainable growth across the developing world – to create jobs, grow tax bases, and improve social safety nets. With the support of USAID, Sarona set out to find creative solutions to this persistent problem. Along with its project partners, EMPEA and Crystalus, Sarona collaborated with leading currency risk mitigation experts from around the world to advance several innovative solution ideas designed to address the unique currency risk management needs of private equity investors in emerging markets. One product idea, a tailored proxy hedge, was piloted against actual private equity investment portfolios, with very encouraging results. The full project report is available for download at: saronafund.com/sarona-news-stories/announcingthefinalgap

USAID FROM THE AMERICAN PEOPLE

Promoting Canadian Development Finance Innovation and Success

Sarona has been instrumental in the development of the Canada Forum for Impact Investment and Development (CAFIID), which was formally launched at the 2017 Social Finance Forum in Toronto. CAFIID is a community of 50 individuals, organisations and investors working in developing countries who treat social and environmental impact *and* financial returns as coexisting priorities. CAFIID has rapidly gained support of industry stakeholders – including senior representatives of investment funds, non-governmental organisations, foundations, family offices, consulting firms, research institutions and businesses—who wish to offer a collective voice in support of transformative development finance mechanisms. CAFIID became a registered Canadian non-profit organisation in August 2017 and elected its first board in September 2017, chaired by Sarona's Serge LeVert-Chiasson.

CAFIID

Investment Industry

Catalysing new thinking and actions

Within the Frontier and Emerging Markets community, we catalyse new thinking and approaches to build sustainable bridges for private capital flows and optimise public-private collaboration for impact investing. Over the course of 2017, we partnered with Mbuyu Capital of Nairobi, Kenya to explore opportunities to close persistent market access gaps for SME trade finance across the developing world. We also contributed to a thought-leadership report by the Emerging Markets Private Equity Association (EMPEA) to examine the crucial role private equity can play in achieving SDGs.

Industry Level

Forging new Paths for Trade Finance Market Success

Across emerging markets, access to finance is a persistent obstacle to sustainable growth. Nowhere is this truer than trade finance – without access to trade finance, many SMEs would simply die. While trade finance is a thriving global industry comprising myriad public and private players, in Frontier and Emerging Markets it remains a crucial problem. With funding support from Global Affairs Canada, we engaged Mbuyu Capital to examine this issue. Our conclusions: there is a $1.3tn credit gap – $150bn of which is readily serviceable by trade finance. Sarona will continue working with stakeholders to close this funding gap. The Mbuyu report is available online: saronafund.com/user-files/uploads/2018/04/2018.02.01-Trade-Finance-Final-Report.pdf

Private Equity can Achieve SDGs at Scale and Speed

Sarona works closely with EMPEA in advancing thought leadership and innovative practices to support the achievement of SDGs. Sarona contributed to EMPEA's recent report entitled *Private Equity's Role in Delivering the SDGs: Current Approaches and Good Practice.* The report concludes that private equity has the potential to drive change at scale and speed. Investors in emerging markets can deliver more meaningful impact in markets which are chronically underserved, not least because their investment strategies often mirror the SDGs. Investors will increasingly be selecting fund managers that show credible commitment to the SDG agenda. There is now an opportunity for the PE industry to collaborate and to build consensus with the goal of developing a common approach to investing in the SDGs.

Investee Company

Better lives for more people

Among investee companies, we advocate progressive environmental, social and governance practices, and encourage the adoption of best-practice innovations from across our portfolio. Perhaps the best recent example of this is our work with USAID and with MEDA on Gender Equality Mainstreaming (GEM), using leading-edge strategies to empower women in business among our portfolio companies.

Investee Company Level

Empowering Women in Business : The Gender Equality Mainstreaming (GEM) Framework

With the support of USAID funding, MEDA piloted the GEM program by offering it to Sarona's portfolio companies in South and Southeast Asia. The program is designed to increase understanding of gender issues, including practices that constrain the ability of women and girls to fully contribute to the economy. Ultimately, the program seeks to empower women in business. The GEM framework offers a suite of practical tools for companies to evaluate and improve their understanding and implementation of gender equality strategies. By analysing each ESG criterion from a gender perspective, the framework enhances the ESG standard widely used in the investment industry. To learn more about the GEM Framework, visit: meda.org/gem

Our Development Framework

Our three foundational pillars...

drive Activities, Outputs, Outcomes and Impacts...

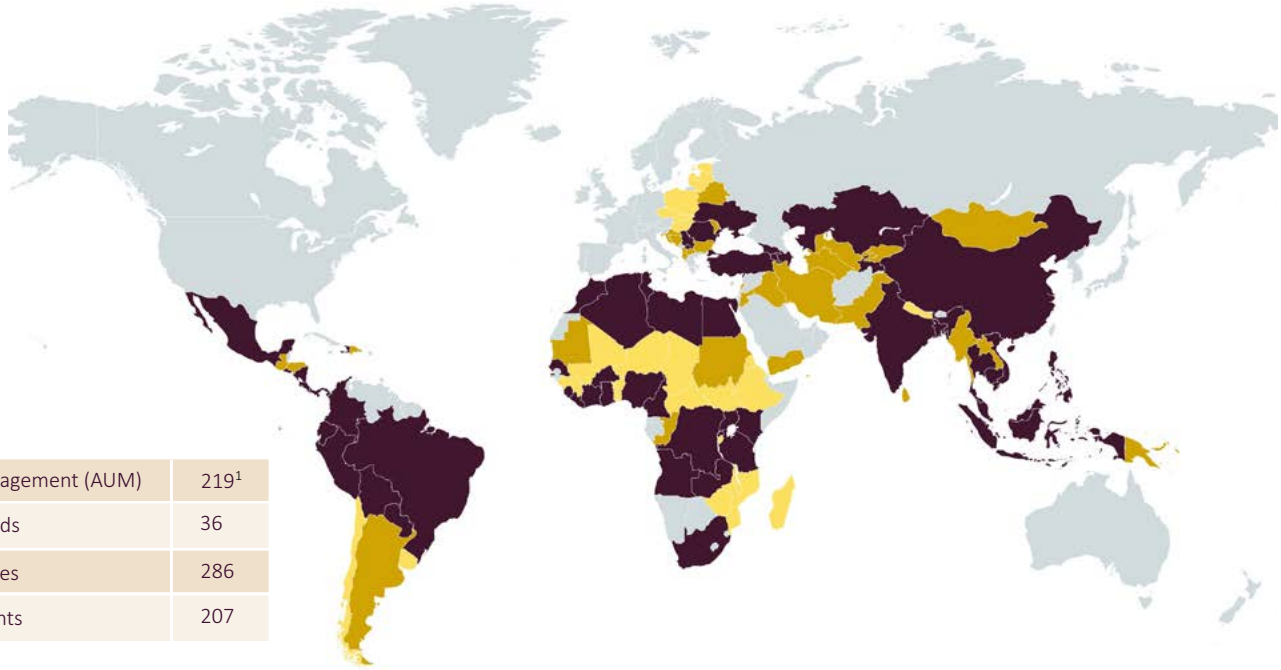
that we measure and report...

1. Creating Jobs
2. Empowering Women
3. Improving Governance
4. Improving Job Quality
5. Reducing Environmental Footprint
6. Contributing to Sustainable Communities

in contributing to the SDGs.

Our Activities at a Glance

2017



Assets under management (AUM)	219[1]
Private equity funds	36
Investee companies	286
Eligible investments	207

- 107 countries in Sarona investible universe (of which 97 within the GNI per capita brackets between $1,006 and $12,235 + 10 additional countries)[1]
- 54 countries Sarona is currently invested in

Thoughts from Sarona

Punching Above Our Weight for Impact

If our impacts were simply the number of jobs created, women hired and tax bases grown, then our job would be done the moment we completed our investment. The fact is, our impact is in our influence, not in our investment ownership. A CEO might own 1% of his company, but does she only have 1% impact on its activities? No – the CEO has virtually 100% impact due to influence.

Sarona sees its work in a similar light. We are working to change hearts and minds. This is not easy or quick, and the results can be hard to measure. But the results, when we see them, are transformative and enduring.

In its impact investing, Sarona punches above its weight. It's not about percentage ownership, or whether we have a board seat. Rather, it's about taking an active – not a passive – role. It's about leadership – it takes perseverance, and it takes persistence. It takes constant, active, abiding advocacy, working day-by-day and week-by-week with our investors, our local fund managers and our investee companies, to bring about fundamental, permanent change.

[1] The Assets Under Management (AUM) as shown include: discretionary mandates (89%) and non-discretionary mandates (11%), are shown in USD, generally rely on valuations prepared by GPs, and are accurate as of 31 March 2018. AUM uses the total assets in each mandate prepared according to IFRS accounting standards plus committed but undrawn amounts as of 31 March 2018. Past performance is no indication of future results.
[2] 2016 GNI per capita, calculated using the World Bank Atlas method, November 2017

Overall Impact Results: A Snapshot

Sarona's Six Impact Objectives: Progress Report 2017 in Summary[1]

Creating Jobs

154k full-time positions at 207 eligible companies

19k jobs created during the year

Improving Job Quality

$5.5mm average wages paid per company (or $7.5k per employee)

67% increase in training, with an average of 419 employees trained per company

Over **93%** of employees receive health insurance and maternity or paternity leave

Empowering Women

36% of full-time positions are held by women

31% of managers are women

14% of company board members are women

Reducing Environmental Footprint

4GW of clean energy generation capacity

62% of companies have policy statement documenting their commitment to the environment

49% of companies have a pollution prevention and waste management in place

Improving Governance

100% of companies comply with social and environmental regulations

99% of companies produced annual audited financial statements, providing greater transparency to shareholders

$411mm in corporate taxes paid, sustaining local government services

Contributing to Sustainable Communities

136mm clients benefitted from portfolio companies' activities, up from 85mm 2016

76k suppliers providing goods and services to portfolio companies, including 29k smallholder farmers

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

Sarona’s Impact on the SDGs

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

Impact investors in Frontier and Emerging Markets are increasingly focused on the SDGs – and rightly so. Investors want to know that their dollars and euros are making a difference. They want to understand how results are tracked and reported on and they expect fund managers to adopt approaches that optimise SDG achievement.

Sarona is an active voice to advance thinking and action for this agenda:

» We are a founding signatory to the 2017 Stockholm Declaration for investing for sustainable development and sustainable impact towards 2030.
» We lead workshops and contribute to thought leadership on the role of private equity in achieving SDGs.
» We are evolving our SDG tracking and reporting with industry best practices, such as aligning IRIS metrics and SDG impact indicators.

The role of attribution in measuring Sarona’s impact on SDGs is evolving. SDGs are not our targets; rather, they are the targets of the respective local-country governments. Our role is to derive from our investment work with companies in these countries what differences we are making, where, and how.

This is necessarily imperfect and imprecise – we must rely on proxies and inferences to assess and measure our contributing power. Nonetheless, this is an important and worthy exercise.

We use these benchmarks to guide our activities, and we recognise the tremendous importance this reporting has for Sarona’s stakeholders, particularly investors in our funds.

Thoughts from Sarona

How Can Catalytic Investors Leverage Private Capital for the SDGs?

Sarona is often asked this question. While there is no single solution, several important principles are clear.

First:

It's all about the investor's perceived risk-adjusted rate of return. To increase the flow of private capital, one must mitigate the investor's risk and/or enhance their return.

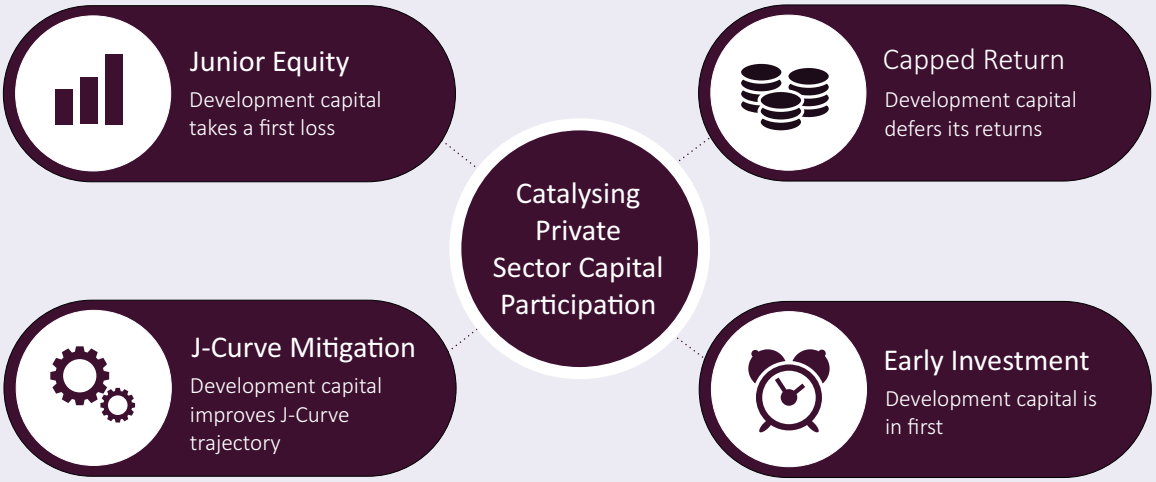
Second:

The more supportive (in mitigating risk and/or enhancing return) the non-commercial investment is, the more catalytic its investment will be.

Third:

Cajoling private investors to do the right thing—or hoping that a pari-pasu investment by the public sector will provide a halo effect—doesn't count for much. To be catalytic, non-commercial capital must be subordinate to private sector capital.

Four Ways of Programming Catalytic Capital



1. Junior equity: This capital takes the first loss on either an investment-by-investment basis (very strongly catalytic) or on a whole fund basis (less catalytic). Such a junior position significantly reduces private investors' risk.

2. Capped return: The non-commercial investor gives up all, or a portion of, the profit that would otherwise be earned on its capital. The more the profit given up, the more catalytic the effect. This does not affect risk, but pushes up the investors' expected returns.

3. J-Curve mitigation: The non-commercial investor covers all of the management fees and expenses for the first years of a fund's life (strongly catalytic) and may recover all or a portion thereof later in the fund's life (less catalytic.) Because private investment fund expenses are heavy in the first years, and profits are generated in later years, they go through a J-curve in value. Institutional investors, such as pension funds, dislike this J-curve trajectory because it pushes down their total portfolio returns during this period.

4. Early investment: The non-commercial investor could invest very early, well before a fund's first close, so that the investment manager can begin to create a portfolio, thereby allowing private investors to invest into an existing portfolio rather than into a blind pool. Many private investors wait until a fund achieves a first close before engaging in due diligence. They don't want to spend time and money on due diligence, only to find that the fund never gets off the ground.

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.

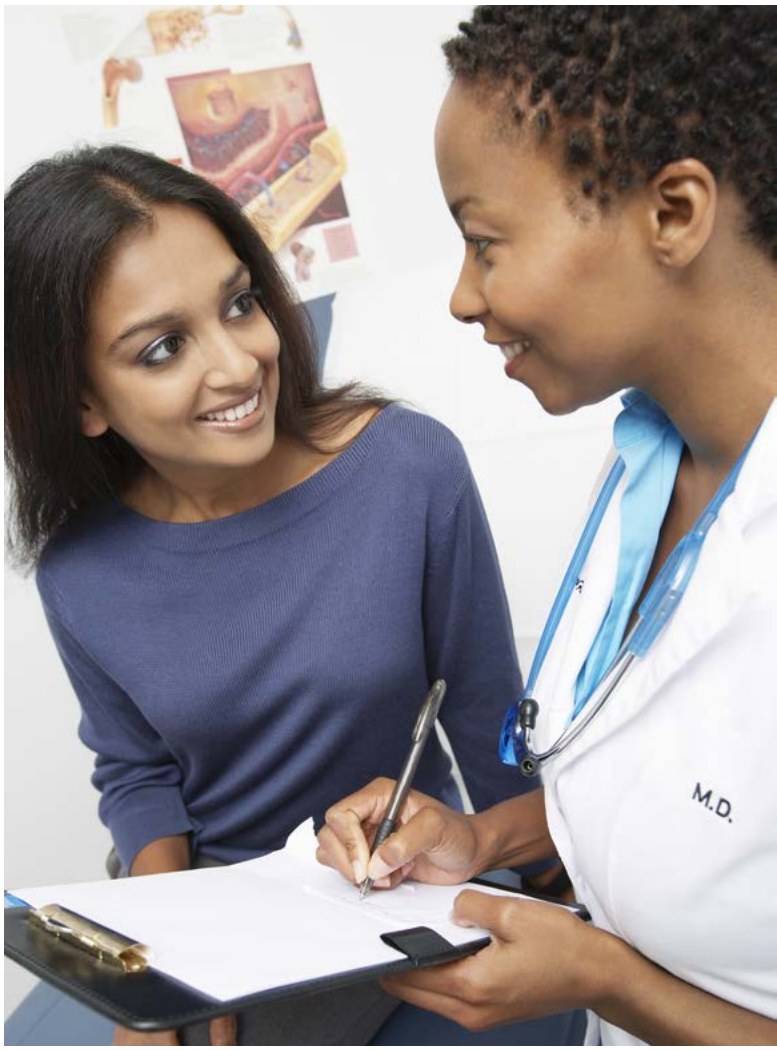
A 2013 IFC study shows strong correlation between the number of jobs created and profitability. This highlights that long-term positive financial performance arises from high-growth companies, which are the focus of Sarona's strategy.[1]

At the end of 2017, the 207 companies in Sarona's portfolio employed a total of 154k people. The majority of the portfolio companies have less than 300 employees.

154k

full-time positions at 207 companies with **19k jobs** created in 2017

Size of companies	
25%	26%
companies have less than 100 employees	companies have 100-300 employees
27%	22%
companies have 301-1,000 employees	companies have more than 1,000 employees



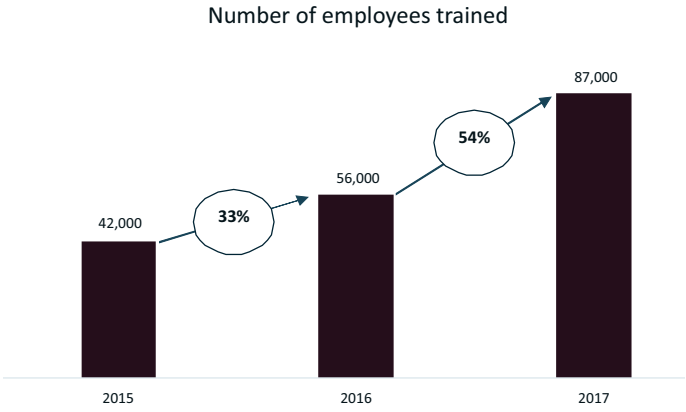
[1] IFC, 2013. Assessing Private Sector Contributions to Job Creation.

Improving Job Quality

Job creation alone does not automatically translate into positive social outcomes. Sarona not only measures 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 2017, our portfolio companies continued to provide high-quality benefit packages. Maternity and paternity leave was the benefit provided most frequently (93%), while most of the companies also provided access to healthcare (89%). Other benefits, such as pension, disability coverage and life insurance, were also provided, but more sporadically.



Companies also continued to invest in training and developing their employees, with more than half of their workforce (56%) participating in training programmes. An average of 12% more employees per company were trained by their respective employers, equating to some 30.5k more employees trained compared to the previous year.

Proportion of companies providing different benefits to its employees	
Maternity / paternity leave	93%
Health insurance	89%
Paid vacation	58%
Retirement provisions	58%
Disability coverage	48%
Life insurance	36%
Dental insurance	36%
Stock ownership	19%

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 2017, the average number of injuries dropped to three injuries per company, down from seven injuries in 2016. Overall, the estimated number of injuries in the portfolio dropped from 1,520 in 2016 to 666 in 2017.

Sarona's 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.

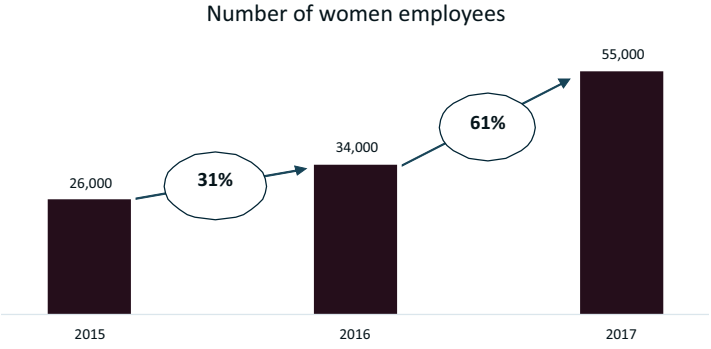
We process these ESG events and work with the GPs to determine the elements that led to the event, as well as what can be learned and changed to prevent recurrences. Thankfully, these ESG events are still relatively rare, but they do occur, and Sarona aims to quickly work with the GPs to mitigate risks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

Empowering Women

According to the World bank, women represent approximately 38% 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 2017, 36% of the 154k full-time jobs in Sarona's portfolio companies were held by women. 31% of the managerial positions were held by women. 14% of the board seats were held by women, which is in line with a recent Deloitte study that looked at nearly 7,000 companies in 44 countries and showed that women held 15% of board seats globally.[2]



[2]World Bank Data

[3]Deloitte, 2016. Women in the boardroom: A Global perspective

Promoting gender equality internally and externally:

On May 14, 2018, Sarona hosted its annual Investor Day in Washington, DC. With a theme of *Empowering Women in Business Leadership*, one of our keynote speakers was Devon Krainer, head of MEDA's Gender Equality Mainstreaming (GEM) program. MEDA has been increasing understanding of, and improved strategies for, gender issues in Sarona's portfolio companies. Their work has been widely acclaimed as some of the best in the world and we are impressed with how CEOs are embracing this opportunity to empower women in their businesses.

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 2017, 62% of our investee companies indicated that they had an official policy statement documenting the organisation's commitment to the environment, while 22% 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. Each of the investee companies pursued three environmental objectives, with 49% of the companies reporting that their key objective was pollution prevention and waste management, closely followed by energy and fuel efficiency (44%).

Our companies also report that they have the capacity to generate 4GW of clean energy, supporting the electricity needs of over 15.8mm people a year.

Proportion of companies pursuing the top five environmental objectives	
Pollution prevention and waste management	49%
Energy and fuel conservation	44%
Sustainable energy	29%
Water resource management	19%
Natural resource conservation	18%

4GW of clean energy capacity, supporting the electricity needs of nearly 15.8mm people a year

88% of companies actively pursue at least one environmental objective

90bn litres of industrial grey water recycled each year, equivalent to ~36k Olympic size swimming pools

Thoughts from Industry Leaders

Imagine a World Where Gender Lens Investing Isn't a Niche Investment Strategy

Mary Ellen Iskenderian, President and CEO

Women's World Banking

Imagine a world where gender lens investing doesn't exist. Imagine a world where investments in companies that serve a growing market that is larger than India and China combined aren't relegated to a sub-category of impact investing. Around the world, women already control 70-80% of all consumer purchasing decisions and 70% of all household financial decisions. And, by 2020, women will control $72.1tn in wealth, growing at a faster rate than men.

It's not only companies serving women that can yield outsized returns; companies with greater gender diversity in their staff leadership and governance outperform financially as well, according to Credit Suisse's report *CS Gender 3000: The Reward for Change* companies where women accounted for 25% of senior leadership outperformed at a compound annual growth rate of 2.8%. That growth rate jumps to 10.3% at companies where more than 50% of senior leaders are women. Perhaps the biggest dividend of investing with a gender lens, though, relates to the impact that serving women has in building stronger communities, businesses and economies.

Imagine a world where investing in companies that serve and employ women doesn't mean rationing table scraps from the broader capital markets, but represents a smart mainstream investment strategy. This is the world Women's World Banking is trying to create – join us.

Women's World Banking

Improving Governance

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 2017, 100% of investee companies indicated they were in full compliance with local labour, tax and environmental regulations. In addition, 99% of the companies – 4% higher than the previous year – produced annual audited financial statements, providing greater transparency to shareholders.

In 2017, our portfolio companies contributed $411mm in corporate tax payments – up 76% from the previous year – with an average of $2mm 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 2017, 113 companies claimed third-party certifications, an 85% 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.

Distribution of companies by amount of corporate tax paid (n = 192 reporting companies)

100% of companies fully compliant with local labour, tax and environmental regulations

$411mm contributed in corporate taxes in 2017, a 76% increase year-over-year

Thoughts from Industry Leaders

Shared Leadership to Catalyse Capital and Unlock Human Potential

David Bohigian, Executive Vice President

Overseas Private Investment Corporation

The Overseas Private Investment Corporation (OPIC) is the United States Government's development finance institution. Established in 1971, we now have a portfolio of more than $23bn invested in over 90 countries throughout Africa, the Middle East, Latin America and Asia. OPIC provides businesses with the tools to manage the risks associated with foreign direct investment, fosters economic development in emerging market countries, and advances U.S. foreign policy and national security priorities.

Sarona, like OPIC, is a leader in investing for profit and purpose. From supporting lending to low-income individuals in Mexico to providing affordable education for refugees in Egypt, the impact Sarona and OPIC have achieved together has been far-reaching. OPIC and Sarona also understand that entrepreneurs and small businesses in emerging markets are a critical source of job creation, economic growth and stability. Our partnership with Sarona helped them to grow and support their communities. Our shared leadership has been a model of how to catalyse capital to unlock human potential.

OPIC

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 2017, our companies served nearly 136mm clients, with an additional 51mm people gaining access to products and services offered by our portfolio companies during the year.

Highlights of our customer base include:

Proportion of companies declaring a commitment to the top five social objectives	
Employment generation	89%
Income / productivity growth	72%
Equality & empowerment	58%
Community development	46%
Access to financial services	34%

Our portfolio companies' commitment to social improvement is reflected in the increased proportion of companies that indicated their intention to enhance social objectives. For example, 15% more companies plan to foster equality and empowerment amongst its workforce, and 1% more companies seek to improve the communities in which they operate.

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. Almost 76k suppliers sold to our companies, including nearly 29k smallholder farmers. The same companies paid a total of $1.15bn in wages, averaging $5.5mm per company and $7.5k per full-time employee.

136mm clients served in 2017, up from 85mm in 2016 and 73mm in 2015

$1.2bn paid in full-time wages by portfolio companies

Thoughts from Industry Leaders

MEDA's Sixty-Five Years of Innovating for Development

Allan Sauder, President & CEO

Mennonite Economic Development Associates

MEDA began in 1953, when a group of business people visited Paraguay to support Mennonite refugees from post-revolution Russia. They found that despite business and farming skills, the refugees lacked capital to build sustainable livelihoods. MEDA invested in businesses, and earned reflows over time, helping create what is now Sarona Risk Capital Fund (SRCF), a $23mn impact investing vehicle with more than 30 investments across 60 countries, helping support innovative business solutions to poverty.

Along the way, MEDA has several learned important lessons.

First, the opportunity to change lives is immense. Across developing countries, 65mm enterprises (40% of all MSMEs) have unmet financing needs of $5tn annually. Solving this funding gap requires innovative public, private and philanthropic partnering, which MEDA implicitly understands – this has been our investment model for six decades.

Second, leverage is powerful. SRCF's early-stage investments have given rise to $750mm of "assets under influence", where MEDA assumes investment and governance roles. The best way to leverage public-sector investment is to optimise the risk-return calculus for other investors.

Third, hands-on engagement is crucial. MEDA's board role with investee companies helps share expertise while learning lessons transferable to other investments. We promote responsible environment, social and governance practices through innovation grants and gender-inclusion methodologies.

MEDA

Company Case Studies

Grupo Procesa (Mexico)

Sector	Agribusiness / Consumer goods
Business Focus	Ready-to-eat Tuna in pouches
Impact Focus	Healthy / Sustainable food production
Fund Name	IGNIA Fund I
Investment Date	December 2012
Investment Size	$7.7mm

In 2004, Alejandro Chaljub and Mauricio Pariente founded a disruptive seafood business in Puerto Chiapas, Mexico. Thirteen years later, Grupo Procesa (Procesa) has evolved into a vertically integrated tuna capture, processing and distribution business providing high-quality, nutritious fish to retail consumers and state governments. As its mission, the company seeks to supply disadvantaged Mexicans with an innovative and healthy food product and to be the preferred employer to residents of Chiapas.

Over 70% of the Mexican adult population are overweight. Obesity levels are second only to the United States according to the OECD[1]. While heightening the risk of ailments including diabetes (Mexico's largest killer[2]) and vascular diseases, obesity poses a daunting challenge for Mexico's health system. In this context, Procesa's efforts to address critical nutritional needs are of fundamental importance. Tuna is the lowest cost, high-quality animal protein on a $/per gram basis. Ready-to-eat tuna delivered in environmentally friendly single-serve pouches and fortified with vitamins and minerals address specific gaps in lower-income diets.

Procesa is as concerned for the well-being of both its employees and the community in which it is established as it is for its customers. Procesa staff enjoy professional training and market-leading benefits. In 2016, 50% of Procesa's 398-strong workforce were women – 5% higher than the national average .

[1] OECD Update 2017
[2] NPR.org
[3] WorldBank DataBank

SDG Impacts

Grupo Procesa's innovative, healthy and sustainable food products offer affordable nutrition to the most vulnerable people in Mexico. Its high female employment contributes meaningfully to gender equality, and its market leading practices consistently impact the lives of consumers, customers and the community at large. Sustainable practices ensure responsible production and the sustainable use of the oceans – all profoundly positive impacts on core development goals.

Impacts:

» Revolutionised the industry through a commitment to innovation and well-being, with profoundly positive repercussions both for vulnerable Mexicans and for the environment

Outcomes:

» Availability of an affordable, healthy meal alternative in a country suffering from the life-threatening effects of worsening dietary habits

Outputs:

» Nutritious 105-gram pouches of tuna; the first such pouched product in Mexico with distribution to consumers, government aid entities and foodservice clients, including school students

Activities:

» Production, sale and distribution of mineral-enriched, yellowfin tuna

Making a Difference

01

Employee and community well being

A commitment to workplace safety, with no reported occupational injuries in 2016 – significant in a hazardous fishing and production operation. Market leading health & safety and HR polices afford employees security, skill development opportunities and fair wages – important especially in Chiapas, where residents suffer the lowest average socioeconomic indicators in Mexico. 49% of full-time jobs are held by women; higher than the national average of 44%

02

Nutrition and affordable food product

Innovative, nutritious pouches of tuna, offering an affordable, sustainable and healthy meal alternative to some of the most disadvantaged in Mexican society

03

Sustainable environmentally friendly practices

Sustainable fishing and processing in accordance with both the Inter-American Tropical Tuna Commission and international dolphin safe regulations

Société D'Articles Hygiéniques (Tunisia)

Sector	Consumer goods
Business Focus	Personal hygiene products
Impact Focus	Health
Fund Name	ANAF II
Investment Date	October 2015
Investment Size	$48.7mm

Société D'Articles Hygiénique's (SAH's) mission is to increase the availability and affordability of personal hygiene products in Africa and in so doing, improve the dignity and health of low-income consumers.

Core to SAH's product portfolio are feminine hygiene products – of which sales doubled between 2016 and 2017. Despite increasing awareness, humanitarian organisations have long-neglected the subject of menstrual hygiene management. The risks of doing so are great.

Poor menstrual hygiene affects the education and health of girls and women, and can diminish economic opportunities. In Amhara province, Ethiopia, more than half of girls in secondary and preparatory schools were absent during menstruation, and those who did not use sanitary pads were more than five times as likely to be absent[1]. A study from India demonstrated that women with urogenital infections were twice as likely to have been using reusable cloths instead of disposable sanitary pads[2]. These are issues that resonate across the emerging world.

Manufacturers have an important responsibility to provide sustainable solutions. In developing regions, modern feminine hygiene product usage is low – owing to the prohibitive costs associated with purchasing them, improper education and cultural stigma. As the only independent player across North and West Africa, SAH is remedying these issues by increasing access to affordable sanitary products, and in turn, improving personal health and hygiene across the 15 African countries to which it exports.

[1] Gultie T, Hailu D, Workineh Y. Age of menarche and knowledge about menstrual hygiene management among adolescent school girls in Amhara province, Ethiopia: implication to health care workers & school teachers. *PLoS One.* 2014
[2] Das P, Baker KK, Dutta A, et al. Menstrual hygiene practices, WASH access and the risk of urogenital infection in women from Odisha, India. PLoS One. 2015

SDG Impacts

Under the stewardship of entrepreneurs Jalila Mezni and Mounir El Jaiez, Société d'Articles Hygiéniques (SAH) has become Tunisia's leading producer of sanitary products – marketed under its proprietary "Lilas" brand. In the two years to December 2017, SAH's workforce grew by 23% to 2,257. All staff benefit from paternity/maternity cover, health insurance and professional training opportunities – on which the company spent $40k in 2017. As an energy intensive business, the company takes care to lessen its environmental footprint and in 2016 conducted an energy optimisation project to guide its approach to sustainable energy consumption.

Impacts:

» Since 1994, SAH has played a defining role in transforming personal hygiene on a continent where many have suffered ill-health and indignity as a result of their inability to afford modern hygiene solutions

Outcomes:

» Solving a critical need for consumers through innovation in personal hygiene. Continually improving the quantity and quality of employment – local populations located near SAH's production facilities, and for supply and distribution chain actors

Outputs:

» 877 business-to-business clients in 2017, some 2mm underlying customers, operations certified ISO 9001 and ISO 22716, sophisticated recycling procedures

Activities:

» Production of feminine hygiene products, diapers, tissue and kitchen and hand towels, from seven manufacturing sites across Tunisia, Algeria, Libya and Côte d'Ivoire

Making a Difference

01 **Industry leader and major exporter**

Tunisia's leader in feminine hygiene products, exporting to 15 African countries and doubling overall sales from 2016 to 2017

02 **Improving health and hygiene for women and girls**

Increasing access to affordable sanitary products for low-income consumers, thereby improving personal health and hygiene

03 **High-quality jobs and professional training**

Rapidly growing workforce with extensive personal benefits and professional training opportunities

ProCredit Holding

Sector	Financial Services
Business Focus	Microenterprises and SMEs
Impact Focus	FinTech
Fund Name	Microvest II
Investment Date	June 2012
Investment Size	$13mm

In addition to creating value for its shareholders, ProCredit's mission is to make significant development impact through a positive ethical, social, economic and environmental influence in the countries in which it operates. The three main areas in which ProCredit seeks impact are: providing financial services for SME clients, promoting environmental awareness and protection, and developing human resources.

ProCredit has operations in countries which share similar characteristics: high importance of SMEs for employment and economic growth, low environmental awareness and protection, and a relatively poor job market. SMEs in these markets are often underserved and lack access to financial resources. Therefore, the company focuses on financing these SMEs to support local production of goods and the creation of jobs. It also aims to enhance local capacity for innovation and to raise ecological standards.

At the senior management level, more than 50% of employees were women. At the middle management level, it was just below 50%. ProCredit has more female staff than what is common in the countries where ProCredit operates. All staff are provided with continuous training and are supported by regular dialogue and feedback. This includes not only job specific training but also professional education on ethics and the environment.

SDG Impacts

ProCredit is an international group of development-oriented commercial banks serving mainly SMEs with lending operations in Southeastern and Eastern Europe and South America. The company has been a pioneer in development finance since its origins more than 30 years ago. All ProCredit banks pursue a broadly similar strategy and are united behind the same mission statement. At the end of Q3 2017, the company had over 3,500 employees.

Impacts:

- Since its establishment, ProCredit has promoted the transparency and inclusivity of financial markets in its target countries
- A functioning and fair financial system which is important for economic and social development

Outcomes:

- Creating value for consumers and the environment as well as continually improving the quality of employment

Outputs:

- EUR 5.5bn total AUM, profitable every year since establishment in 2003 and member of the Social Stock Exchange
- Environmental measures have reduced resource consumption and greenhouse gas emissions

Activities:

- Providing access to financial services to SMEs in Frontier and Emerging Markets

Making a Difference

01

Financial services for SMEs – and more

Focuses on three impact themes: financial services for SME clients, environmental awareness and protection, and developing human resources

02

More than 50% women in senior staff

Over 3.5k employees – more than 50% of senior management staff are women

03

Professional development and training

Extensive training and development programs, including professional education on ethics and the environment

ReNew Power

Sector	Energy
Business Focus	Wind and Solar
Impact Focus	Renewables
Fund Name	SACEF I
Investment Date	July 2014
Investment Size	$30.1mm

In 2011, Indian entrepreneur, Sumant Sinha, founded what is now regarded as India's leading Independent Power Producer (IPP) of clean energy, ReNew Power (ReNew). ReNew has grown from a single 25 MW wind energy project in Gujurat to the 3,000 MW pan-Indian portfolio of wind and solar assets it is today.

ReNew's mission is to effect change in India's energy portfolio and play a pivotal role in responsibly meeting India's growing energy needs.

India will be the world's fastest growing energy consumer – and market – until 2040[1]. Half a billion people have gained access to electricity in India since 2000, almost doubling the country's electrification rate. The pace has accelerated in recent years, with an additional 40mm people gaining access every year since 2011. ReNew's commitment to generating power sustainably ensures that the developmental impact of increasing energy proliferation remains profoundly positive.

In the two years to December 2017, ReNew's workforce grew over threefold to 484, while its female contingent expanded at an even faster pace. All ReNew staff benefit from disability payments, paternity/maternity cover, health insurance and professional training opportunities – particularly meaningful when viewed in the context of a country sustained by informal labour.

[1] Shebonti Ray Dadwal, Institute for Defense Studies and Analyses: https://idsa.in/idsacomments/can-renewables-make-india-energy-secure-srdadwal-221117
[2] Tim Gould, IEA: https://economictimes.indiatimes.com/news/politics-and-nation/india-emerging-as-major-driving-force-in-global-energy-trends-iea/articleshow/61957736.cms
[3] ILO Country Office for India, India Labour Market Update, July 2016

SDG Impacts

ReNew founded the Sumant Sinha ReNew Centre of Excellence for Energy & Environment in Delhi to offer research and internship opportunities for students, to promote clean energy adoption globally through research and development, and to enhance the skills of women engineers in the industry. Through its CSR outreach, ReNew touches 1.4mm lives with sustainability-focused initiatives in 92 Indian villages. All ReNew power projects are UNFCCC (United Nations Framework Convention on Climate Change) registered.

Impacts:

» Since 2011, ReNew has played a defining role in altering how energy is produced, transmitted and distributed in a country that is at the very frontier of the struggle against climate change

Outcomes:

» Creating value for consumers and the environment through innovation in solar and wind power solutions

» Continually improving the quality of employment

Outputs:

» ReNew power projects offset 3.8mm tons of CO2 emissions annually and will mitigate more than 28mm tons of CO2 emissions in their lifetime

Activities:

» Generation of 3,000+ MWs of wind and solar energy, from an asset base of $3bn, across 16 Indian states

Making a Difference

01

Leader in clean energy production

India's leading IPP of clean energy, generating 3k MW in wind and solar

02

Growing workforce with excellent benefits

Workforce has grown threefold in the past 2 years – 484 overall staff
All staff benefit from disability payments, paternity/maternity cover, health insurance and professional training opportunities

03

Comprehensive ESG focus

ReNew adheres to a comprehensive Environmental and Social Management System and other performance and safety standards as established by the ADB, FMO and IFC

Trans-Fast Remittance LLC

Sector	Financials
Business Focus	Cross-border payments solutions
Impact Focus	FinTech
Fund Name	APIS I
Investment Date	May 2016
Investment Size	$35mm

Founded in 1988, Trans-Fast Remittance LLC (TransFast) is a provider of cross-border payment solutions to consumers and businesses worldwide. It covers over 120 countries through over 250k pick-up locations and over 1k currency pairs. 88% of the world's population have access to TransFast's services and the company is licenced in more than 70 jurisdictions.

More than 3.4% of the global population live outside their home country. In 2015, remittances to developing countries exceeded $601bn with top receiving countries being India, China, the Philippines, Mexico and Nigeria. According to the *Global Knowledge Partnership on Migration and Development*, the "inflows of cash constitute more than 10% of GDP in some 25 developing countries and lead to increased investments in health, education and small businesses in various communities."[1] Most of the company's customers are migrant workers in North America and the Gulf Cooperation Council, sending money to their families in Africa and Asia.

In 2017, 35% of TransFast's 752-strong workforce was women. Key ESG considerations were addressed over the last year: the implementation of a group HR policy, establishment of an internal complaints mechanism, enhancement of client data protection policies, and a review of the company's current customer service representative programs. Going forward, TransFast is planning to grow at a rapid pace and, by 2020, create more than 500 jobs, most of which will be based in emerging markets.

[1] Migration Policy Institute Policy Brief No 8, September 2013

SDG Impacts

The company is a multi-channel platform that enables individuals and businesses to transfer money to other individuals and businesses across the globe. Many customers are migrant workers sending money to their families. With over 250k pick-up locations, it enables the convenient receipt of remittances – even in rural and remote areas. Additionally, the company's global B2B transfers facilitate and increase global trade. Going forward, TransFast is planning to grow at a rapid pace and create more than 500 jobs within the company by 2020, of which most are going to be based in emerging markets.

Impacts:

» TransFast is directly contributing to SDG 10.c, aiming to reduce the cost of migrant remittances to less than 3% by 2030

Outcomes:

» Reducing the cost of sending money

» Remittances can be received even in rural and remote areas due to a large agent network

» Increased global and South-South trade

Outputs:

» Over 700 employees operating in 46 remittance-sending countries and 117 remittance-receiving countries

» 3,150 agents across the network and an average remittance size in 2016 of $385

Activities:

» Offering cross-border payment solutions to consumers and businesses worldwide

» Operating the third largest remittance network globally

Making a Difference

01 **Global reach across the developing world**

Remittance provider licenced in more than 70 jurisdictions covering 88% of the global population

02 **Facilitates cost-efficient remittances**

Facilitates funds transfers from migrant workers to their families in Africa and Asia

03 **Strong gender focus in staffing**

35% of the company's 752 staff are women

Abhay Nutrition Private Ltd

Sector	Agribusiness
Business Focus	Edible oils and animal feed extraction
Impact Focus	Health
Fund Name	SEAF I
Investment Date	October 2011
Investment Size	$3.44mm

Abhay Nutrition Private Ltd (Abhay) is an Indian processor and distributor of cottonseed-based edible oil and animal feed products. The company was incorporated in 2009 following the successful results of a new R&D proprietary process designed to extract high-quality oil and protein products.

The founder worked alongside his father in cotton trading and ginning when he realised that cottonseed, a by-product, was widely and inexpensively used to produce low-quality edible oil. Enthused by the possibility of using a waste product to deliver valuable and beneficial consumption items, he created a company that has grown to include two processing plants and over 500 employees.

Abhay's proprietary processing techniques are more environmentally sustainable, and they ensure lower water (90% less) and energy usage. In addition, the company's de-oiled cake – used in cattle feed – has a high bypass protein content, which increases the milk yield in cows and buffaloes by as much as 20%. Abhay also launched a programme to assist local poultry farmers overcome the soy price crisis, developing a machine to blend expensive soy seeds with its cottonseeds, reducing cost by 30%.

As of March 2017, the company had started commercial production and sales of consumer packed refined sunflower oil and had begun construction on new space at one of the plants to produce health and wellness products, such as Artemisia, used against malaria and apple pomace, a powerful antioxidant.

SDG Impacts

Abhay has expanded its technology to new applications, adding feed for the aquaculture industry as well as expanding its extraction technology to other oil seeds and beans, such as sunflower, raps, guar, and castor. Its operations are reducing the agribusiness sector's reliance on international soybean imports, as well as providing a sustainable processing method built around local inputs and resources. Abhay achieves 70% reduction in energy usage and no net water usage in comparison to conventional methods of cottonseed processing.

Impacts:

- Improved productivity, reduced waste and growth opportunities for local communities
- Better quality and reduced cost for small farmers and rural communities thereby increasing sustainability

Outcomes:

- Patented single-stage cottonseed extraction
- Development of production techniques that better preserve biologically active micronutrients

Outputs:

- Capacity of 360k metric tons per annum
- New health and wellness products

Activities:

- Edible oil and animal feed extraction from cottonseed and other soy substitutes along with processing and distribution

Making a Difference

01 **Proprietary waste conversion process**

Products derive from a proprietary process that transforms a waste by-product (cottonseed) into edible oil

02 **Rapid company growth in staff and processing capacity**

Launched in 2009, the company has grown rapidly – two processing plants and over 500 staff

03 **Expanding product range**

The company is now expanding production capacity to produce consumer health and wellness products

GP Case Studies

Metier Capital Partners

Fund Name	Metier Capital Growth Fund II
Region	South Africa
Vintage	2015
Fund Size	$195mm
Assets Under Mgt	$900mm
Sectors	Generalist
Investment Style	Focuses on consumer-oriented sectors that benefit from increasing urbanisation, international trade, and disposable wealth
Fund Numbers	At end of 2017, portfolio companies employed 6,800 people. 54% of employees in management positions were female

Metier Capital Partners (Metier) is a South Africa-based fund manager focusing on growth equity investments in the lower mid-market. The company was founded in 2004, yet the principals' investment collective experience extends back to the birth of South African private equity in the mid-1980s. Metier's team of 27 professionals comprises diverse backgrounds ranging from accounting to engineering. Metier focuses on consumer-oriented sectors that benefit from increasing urbanisation, international trade, and disposable wealth. The investment team targets South African companies and those looking to expand throughout Sub-Saharan Africa in a buy-and-build strategy. Metier takes an active approach to portfolio management and works closely with its investee companies to implement growth plans.

Sarona invested in Metier Capital Growth Fund II in December 2015. We were impressed with the fund manager's long track record, stable and well-diversified team, and their attractive positioning in a market with limited competition. Despite a difficult macro environment in South Africa at the time of investment, Sarona felt confident supporting this manager as it has demonstrated the ability to weather rough waters in the past.

SDG Impacts

metier

Fund regional exposure

Positive Impact at the Heart of the Fund's Due Diligence Process

Metier conducts ESG due diligence in-house but also consults with DFIs that are LPs in the fund like FMO and DEG. Where gaps are identified during the due diligence, a corrective action plan will be agreed on with the portfolio company and continuously implemented pre- and post-investment.

Furthermore, the fund manager committed to:

- Ensure that the fund, and the businesses in which its capital is invested, comply with all applicable laws
- Minimise adverse impacts and enhance 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
- Encourage the businesses to make sustainable, efficient use of natural resources and to protect the environment
- Support the reduction of greenhouse gas emissions to mitigate climate change
- Encourage the businesses in which the fund's capital is invested to work within a defined timeframe towards full compliance with the International Labour Organisation's Core Conventions and Basic Terms and Conditions of Work and to respect the International Bill of Human Rights in line with the United Nations Guiding Principles on Business and Human Rights
- Be objective, consistent and fair with all stakeholders of the businesses in which the fund's capital is invested
- Encourage the operation of the businesses in which the fund's capital is invested to be carried out in accordance with international industry practices

Industry engagement

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

- Metier shares its expertise by participating in industry conferences
- Member of the African Private Equity and Venture Capital Association (AVCA)
- Member of the Southern African Venture Capital and Private Equity Association (SAVCA)
- Member of the Emerging Markets Private Equity Association (EMPEA)

Plans for 2018

Metier is focusing on several key initiatives:

- Raising a successor renewable energy/clean infrastructure fund: targeting investment in energy efficiency, renewables, water and waste management businesses and projects supporting Africa's development objectives and environmental commitments
- Closing the next East African growth capital investment
- Develop scale in the two growth capital platforms in the Pharmaceuticals and Complimentary Alternative Medicines (CAMs) and Consumer Foodservices sectors

Company Portfolio Examples

Retailability

Retailability is a fashion apparel retailer, offering fashionable in-house and branded labels at prices targeting low to lower-middle income consumers in South Africa. They provide clothing at affordable prices , which directly benefits households transitioning into the South African middle-class.

Life and Brand

Life and Brand is a holding group in the Consumer Foodservices sector which owns restaurants throughout South Africa and is a manufacturer and distributor of health food products. The restaurants provide quality employment for some 1.7k people while the health food product manufacturer and distributor provides healthy nutrition.

Southey

Southey is an engineering services company with a portfolio of eight different business units. The company complies with national and international ESG requirements while employing and training a large workforce.

Astrim

Astrim was established as a platform for Pharmaceutical and Complementary and Alternative Medicines (CAMs) sector. The platform's acquisitions produce pharmaceutical products, complementary medicines, and nutritional and vitamin products. This helps to promote a healthy lifestyle among the South African population.

The Limited Partner:

Sarona's Perspective

"We are impressed by the strength of the Metier team and the depth of their commitment to doing the right thing. In a nutshell, Metier builds up businesses that serve the rising middle class in South Africa and neighbouring countries. When we think of critical human needs, food, clothing and health all rank high. And, on those, Metier delivers. Its portfolio companies produce and serve healthy food in various restaurant formats; they produce and distribute ultra-high-quality pharmaceuticals; and they deliver smart sartorial style to the masses, all at affordable prices. The way we see it, the world needs more Metiers."

Gerhard Pries
CEO and Managing Partner

The General Partner:

Metier's Perspective

"Metier is committed to transformation, good governance and sustainability and provides investors with access to investments delivering value growth for the longer term. Our investors can trust that we will offer focused access to an important asset class in a manner more likely to yield success than they can do on their own."

J-P Fourie
Head of Investor Relations

Verod Capital Management

Fund Name	Verod Capital Growth Fund II
Region	West Africa
Vintage	2014
Fund Size	$115mm
Assets Under Mgt	$164mm
Sectors	Consumer products and services, education, financial and business services and agribusiness
Investment Style	Private equity in small to mid-sized growth companies and brownfield import substitution plays
Fund Numbers	At the end of 2017, the Fund's portfolio companies employed 1,338 people; 37% women, and paid $5.2M in total taxes

Verod is a Lagos-based private equity firm led by two partners with significant experience both investing in and operating businesses in Anglophone West Africa. The partners are supported by an experienced group of 16 investment and professional staff. Verod backs small to mid-market growth companies across a range of sectors, including consumer products, services, manufacturing and agribusiness, based on an import-substitution investment thesis. The team employs a hands-on management style to transform companies into sector leaders while ultimately positioning them for a successful exit.

Sarona invested in Verod II in October 2015, having been impressed with the fund manager's commitment to impact objectives, the strength of the fund's portfolio and pipeline, and the team's local expertise. Despite being the GP's first institutional fund, the Verod team demonstrated exemplary individual experience as well as a collective willingness and ability to add value to their portfolio companies – increasing, in turn, the potential for outsized financial and developmental returns.

SDG Impacts

Fund regional exposure

A Commitment to ESG Principles

Verod recognises the importance of sound and robust Environmental, Social and Governance (ESG) management, which they believe is critical to building sustainable businesses and enhancing exit value. The management team works with the fund's investee companies throughout the investment cycle to ensure that ESG considerations are applied to identify opportunities for stronger financial and social returns, as well as to mitigate risk.

Verod II's ESG policy provides the basis of the GP's Social and Environmental Management System (SEMS) which, in turn, ensures that investments are structured with the policies, governance structures, targets and reporting systems to effectively manage the risks and opportunities that sustainable development presents.

Before signing an investment agreement, Verod agrees on an ESG action plan with each company, which defines the objectives that must be reached to comply with its internal policies as well as industry best practices. Verod II's ESG Manager has responsibility for monitoring the ESG&I performance of each portfolio company. Among other things, the ESG Manager does the following:

- Works with the portfolio company and the Senior Investment Officer to ensure that adequate resources are committed to allow effective and appropriate implementation of the SEMS policy and the Environmental and Social Action Plan
- Develops and maintains a watch list of potential ESG risks (including OHS risks) per investment and provides regular status updates
- Maintains on-going liaison and correspondence with the portfolio company SEMS Officer
- Prepares reports on local ESG issues/infringements and ensures that all serious incidents are promptly and appropriately addressed and risks are remedied where possible
- Develops a program with the portfolio company for the submission of quarterly ESG reports to Verod

Industry engagement

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

- Verod was the first indigenous West African private equity firm to voluntarily commit to the United Nations Principles for Responsible Investment (UN PRI)
- The Verod team share their industry expertise by participating in industry conferences, such as EMPEA's Annual Global Private Equity Conference and SuperReturn. Furthermore, the team is active in liaising with officials in key areas of agriculture and commerce and in many of Nigeria's business associations. Team members have provided presentations and feedback on the development of commerce, industry and trade in the region
- Verod's founders established the Verod Foundation in 2012 as a platform to implement Verod's social responsibility objectives – electing to initially focus on education. The Verod Foundation has partnered with three schools in Victoria Island, Lagos to promote better standards of education
- Verod participates in the Nigerian Higher Education Fund's (NHEF) Scholars Program. The NHEF is committed to enhancing the capacity of higher education institutions in Nigeria. The Scholars Program is student-oriented and seeks to provide intensive career training and employment assistance to Nigerian students through skill acquisition and internships

Plans for 2018

Verod is focusing on several key initiatives:

- Hire an experienced ESG specialist in-house to drive Verod's ESG objectives across the fund and portfolio companies
- Complement formal training with practical ESG training for key staff at portfolio companies
- Strengthen governance practices across the portfolio
- Increase the number of women in senior positions across the portfolio
- Along with a focus on ESG risk mitigation, continually seek to increase environmental and social impact

Import Substitution as a Means to Increased Prosperity

Verod's investment strategy is unique in its strength of focus on import substitution as an underpinning thesis. Verod has had great success bringing new capacity to West Africa, as it did with one of its earliest investments in GZI – a company that manufacturers aluminum cans for the food and beverage industry in Nigeria. The team looks to successfully launch such ventures, often replacing imported products with more efficiently produced local products, by partnering with global experts in the industry. Through its investments, Verod has also contributed to long-term institution building. Verod believes that high governance standards, risk management and control systems, and environmental and social policies (coupled with detailed monitoring) increase productivity and growth.

By building capacity – and efficient, progressive and inclusive institutions – domestically, the GP has played an integral role in creating quality employment opportunities within local communities. They have also sheltered consumers from the harmful effects of import restrictions and inflationary pressure – both seen in Nigeria in recent years. Between the Manager's first portfolio, and its second fund, Verod has created a total of 350 new jobs.

The Limited Partner:

Sarona's Perspective

"Nigeria is Africa's largest economy, yet lives with the vexing challenge of diversifying its economy away from a heavy dependence on oil exports. Verod is an investment firm that does just that – building companies that expand local production and replace the need for imports. By strengthening the country's largest fresh fruit juice producer and building a dryland fish farm, for example, Verod helps Nigeria become more self-reliant. We are very pleased to be Verod's partner, investing in strongly growing companies that improve the economic, social and environmental outcomes for Nigerians."

Gerhard Pries

CEO and Managing Partner

The General Partner:

Verod's Perspective

"Verod strives to be a responsible investor with a commitment to creating shared, sustainable value for the communities in which it operates. Underpinning its corporate philosophy is an appreciation that its long-term growth objectives cannot be achieved effectively without a strong focus on sustainable development. Verod firmly believes that economic returns and social impact are not mutually incompatible. The firm's efforts to be a responsible investor is further reinforced by Verod becoming the first West African GP to sign up and voluntarily commit to the UN PRI and COP22."

Danladi Verheijen

Managing Partner & Co-Founder

Company Portfolio Examples

Niyya

Niyya is a vertically integrated producer of organic fresh fruit juices and dairy products. Niyya's sustainable farming model has brought meaningful benefits to the people of Nigeria – to the farming community who learn and develop through its engagement initiatives and to consumers who are afforded safe and healthy local products. By providing substantial local employment in a disadvantaged area and aiding in the development of a core economic industry, Niyya has helped Nigeria and Nigerians take a step toward self-sufficiency and food security – both core development goals.

Oreon

Oreon is the fund's K-12 education investment platform. Established in mid-2017, Oreon was designed to consolidate and grow high-potential K-12 Schools across West Africa. Oreon aims to improve educational standards, youth empowerment and governance, while generating strong financial returns.

Shaldag

Shaldag will be, upon completion, Nigeria's largest catfish and tilapia fish farm. Domestic aquaculture has proven to be an effective stimulus for economic growth and the wellbeing of local communities – particularly in low-income, food deficit countries where fish protein provides essential nutrition in local diets.

Grant Case Studies

AZIZA

Location	Tunisia
SIG Focus	Reduce energy consumption Improve employee health and safety
SIG Grant Funding	CAD $130,000
Co-Funding	CAD $288,000

Company Profile

Established in 2012, AZIZA operates a chain of soft discount stores offering food and basic consumer goods in Tunisia. Stores are basic, well-lit, clean and inexpensive to set up, enabling the company to expand rapidly. Its low prices are achieved through its high bargaining power with suppliers and strong logistic efficiencies. AZIZA's value proposition is quality, proximity and affordability. The company pays employees 25% higher salaries as compared to competitors in the industry.

The Challenge

With more than 100 stores across the country, AZIZA spends a significant amount of its revenue on energy-related costs. The recent rise of electricity prices in Tunisia is affecting the company's business expansion. As for employee safety, store staff are responsible for unloading goods, merchandising and cleaning, which increases the risk of work accidents. Despite several employee health and safety (EHS) measures already in place, work-related accidents still occur when handling pallets, representing 90% of total work accidents and most specifically, foot injuries.

SDG Impacts

SIG Approach & Focus

In 2016, AZIZA was awarded a CAD $130k Sustainability Innovation Grant (SIG), and matched this with CAD $288k of its own funds to implement SIG activities. The SIG had two purposes:

Reduce energy consumption by:

- Replacing fluorescent lighting with LED lights that consume less energy and have a longer life span
- Implementing an energy consumption monitoring system to detect malfunctioning appliances
- Installing temperature control probes and doors for store refrigerators

Ensure health and safety of AZIZA employees by:

- Raising staff awareness about health and safety issues
- Organising health and safety training
- Providing safety shoes to store employees

AZIZA believed that the SIG initiative would improve the company's business efficiency by lowering energy costs and increasing employee productivity through fewer work-related injuries. Reducing electricity consumption also helps with cost optimisation on prices and product lines, which aligns with the company's value proposition: proximity, affordability and quality.

SIG Impacts

20% lower costs on energy

As a result of SIG activities (e.g., LED lights and refrigerated cabinet doors), average electricity consumption fell from 288 KW to 230 KW per store/day, a saving of about 20%. Overall, reduced electricity consumption saved AZIZA about TND 580 (CAD 300) per store each month and resulted in an estimated reduction of 940 metric tons of CO_2 emissions per year.

35% fewer days lost to injury

- Before the SIG project, the annual proportion of work-related accidents was 0.31 (i.e. number of incidents/number of stores); after SIG implementation, no such incidents occurred.
- Annualised days lost because of workers' injuries fell from 74 to 48 days.
- Employee turnover fell from 33% to 24%.

Improved monitoring and reporting

AZIZA established an internal reporting system to capture and monitor data related to ESG, including key performance indicators (KPIs) relating to job creation, job quality, gender diversity, contribution to local economy and environmental sustainability. The company is now using this information to inform management decision making.

Progresemos

Location	Mexico
SIG Focus	Improve business skills for microfinance clients
SIG Grant Funding	CAD $80,000
Co-Funding	CAD $110,000

Company Profile

Progresemos is a microfinance institution that offers productive group microloans and payroll deduction loans in rural regions of Mexico. As of 2014, the company served over 60k clients, of which 93% were in rural areas and 80% were women. The mission of the organisation is to provide access to microcredit to rural populations in Mexico for productive activities, creating economic opportunities for entrepreneurs.

The Challenge

In 2014, 4.9% of Progresemos' total loan portfolio was past due for more than 90 days. For most of their clients, their productive activities are tied to every aspect of their life, meaning there is little distinction between the net income of their business and the amount of funds they have to support themselves and their families. If a client cannot pay back their loan, they are unlikely to be able to pay themselves. Since most clients are from rural areas, they have limited access to quality education; in particular, they have limited access to formal training related to best business practices.

SDG Impacts

SIG Approach & Focus

In October 2015, Progresemos was awarded a CAD $80k SIG, with Progresemos contributing CAD $110k.

The grant enabled Progresemos to develop and offer free business training courses to all its clients across its 26 branches.

These courses focused on key areas of business management, including accounting, marketing, inventory management and human resources.

The business course curriculum totalled more than 60 hours and was designed to equip each entrepreneur with the skills necessary to sustain and grow their business.

As training schedule timelines varied, data was gathered and monitored from five pilot branches: Ayala (Morelos), Tulancingo (Hidalgo), Turreon (Coahuila), Papantla (Veracruz) and Oaxaca (Oaxaca).

These branches serve over 7k clients. Of those total clients, 59 clients (17 men, 42 women) completed the extensive course.

SIG Impacts

Increased business performance

Post-training surveys indicated that clients increased their average monthly total sales from MXN 673,301 (pre-training) to MXN 745,564 (post-training), an increase of some 10%. Progresemos will be conducting follow-on surveys to assess the long-term outcomes of the business training.

Decreased portfolio at risk

Progresemos' portfolio has remained consistently below the 4.9% baseline throughout the training implementation period, indicating increased client capacity to repay their loans.

Expanded client base and income

Throughout the implementation period, Progresemos expanded its market reach, increasing the number of clients served from some 57k to over 114k while maintaining its gender ratio of 80% female clients. This helped grow Progresemos' income from MXN 67,793,783 in Q4 2015 to MXN 189,864,389 in Q3 2017.

Société Meunière Tunisienne

Location	Tunisia
SIG Focus	Waste recovery for animal feed
SIG Grant Funding	CAD $80,000
Co-Funding	CAD $540,882

Company Profile

Established in 1934, Société Meunière Tunisienne (SMT) is a leading Tunisian business specialising in wheat collection and its transformation into flour, semolina, pasta and couscous. The company is the second-largest player in Tunisia's pasta market and exports part of its production to Libya, Niger and Cameroon. SMT operates mainly under the RANDA brand to market pastas, flour, semolina and bakeries to the final customers. RANDA's origin is the Arabic word "rand," which translates to: "tree with flowers and leaves." SMT, driven by a constant focus on quality, has 660 employees.

The Challenge

SMT pasta and wheat-crushing processes generate substantial waste – 1.6k tons from pasta and 5k tons from wheat-crushing. The company previously sold this waste to livestock feeding units as a raw material. In order to seek added value from waste products and improve product quality for local farmers, SMT's senior management decided to launch a cattle feed unit, Unité d'Aliment de Bétail (UAB), with a pilot project in Tunis as a first step.

SDG Impacts

SIG Approach & Focus

In May 2016, SMT was awarded a CAD $80k SIG. The company planned to invest CAD $540,882 in matching funds to implement the SIG activities.

The main purpose of the grant was to develop its UAB cattle feed unit to recover waste from SMT's wheat and pasta production and transform it into animal feed for smallholder farmers.

The company believed that by changing the animal feed manufacturing, SMT would be able to sell the final product (i.e., cattle feed) at a margin, while still being economical for farmers.

Further, by improving the quality of livestock food for local farmers, the project aimed to help increase milk production, thus improving farmers' incomes.

SIG Impacts

Increased business performance

SIG improved SMT's business performance, including increased profit margins and job creation. From April 2016 to September 2017, SMT processed some 2k tons of waste to produce 6.3k tons of animal feed, generating sales revenue of $2.2mm, and EBITDA of $129,130. The company also hired 86 employees, 28 of whom were women (33%).

Increased farmers' income

By September 2017, SMT had 385 rural smallholder farmers (seven of whom were women) buying animal feed. On average, these farmers have four cows and sells their milk to nearby cooperatives. Anecdotal evidence indicates that by using UAB feed, milk production has increased by 10%–15%, resulting in increased farmer profit/income of roughly CAD 1 per cow/day.

Improved data collection and monitoring

As part of the SIG, SMT identified key performance indicators (KPIs) specific to the project (i.e. UAB), including job creation, quality of jobs, gender diversity, contribution to the local economy and environmental sustainability. The company reported increased knowledge in measuring ESG-related data and using the information to track the progress of the project.

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 Sarona Risk Capital Fund (MEDA managed account).

There are 286 companies across Sarona's portfolios, of which 224 are active companies. The difference between these two figures are companies excluded from the impact survey as they are held in pooled credit funds. Of the active companies, some have stopped operations and are also excluded from the impact survey which leaves us 207 companies that are active and operational. Of these, 191 provided impact data to Sarona, a 93% response rate. Sarona received this data through impact questionnaires it sent and/or ESG reports it 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 last year 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. Last year, 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 207 companies in this report are calculated as the sum of the responses from the 191 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 2017, we interacted with all our GPs and with a select number of their investee companies. The report includes 11 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 2.4% of the 207 companies mentioned, whether directly or indirectly through funds.

Sarona investments	Count	Sarona average ownership
Underlying funds	36	4.4%
Investment in companies through funds	207	2.1%
Direct investments in companies	17	10.8%

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 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

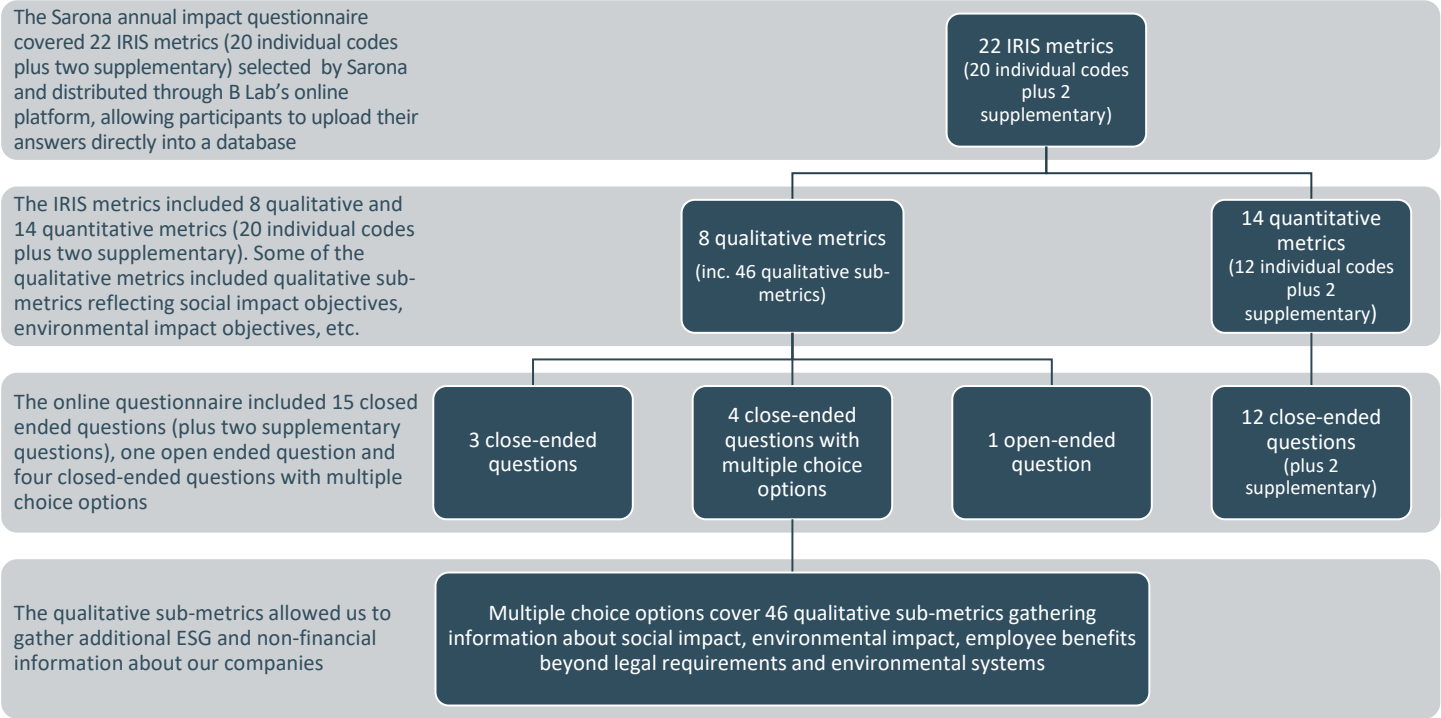
Appendix D : Selected IRIS Metrics

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. *Management is defined as any employee having other employees report to them.*	N=90
OI1571	**Full-time employees: female managers**	Please enter number of full-time female management employees at the end of the reporting period. *Management is defined as any employee having other employees report to them.*	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. *For microfinance clients, this refers to active clients. For healthcare providers, this refers to patients. For education, this refers to students.*	N=75
PI4060	**Client individuals: total (supplementary)**	Number of organizations or individuals who were the end client beneficiaries of the good or service. *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.*	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. *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.*	N=94

	Qualitative metric
	Quantitative metric

Appendix E : Summary Description IRIS Questionnaire



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