






Championing Local Investment Leaders for an Inclusive and Sustainable Society

Sarona Global Growth Markets Private Equity Program

IMPACT REPORT 2022



- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 -  Livelihood
 - » WeNet
 -  Social
 - » Rayco
 - » Retailability
 -  Gender Equality
 - » Metier
 -  Earth
 - » EuReciclo
 - » GEF Capital Partners
 -  Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Sarona Global Growth Markets Private Equity Program

SGGM 1 and 2 have invested in mid-market companies in partnership with local investment leaders across Asia, Africa, Latin America, and Europe. The two funds are committed to delivering strong financial returns and creating deep and lasting contributions to the core impact themes—job creation, poverty reduction, gender equality, and climate action.

As of the end of 2022, SGGM is comprised of 20 fund managers that invested in 157 active companies¹, of which 10 are co-investments. SGGM 1 has 15 fund manager exposures and 92 active companies. SGGM 2 has nine fund manager exposures (four are existing relationships at SGGM 1) and 65 active companies.

A total of \$190 million has been invested across emerging markets. 41 companies have exited.



Mekong Capital/Pharmacy






Sarona Affiliations and Memberships



¹ Total active companies excludes duplicate companies held across portfolio

On the cover: Photo courtesy of Mekong Capital

Message from the Sarona Team

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 -  Livelihood
 - » WeNet
 -  Social
 - » Rayco
 - » Retailability
 -  Gender Equality
 - » Metier
 -  Earth
 - » EuReciclo
 - » GEF Capital Partners
 -  Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Welcome to the Sarona Global Growth Markets (SGGM) Private Equity (PE) Program 2022 Impact Report. Sarona partnered with 20 fund managers and invested in 157 companies through the SGGM PE Fund 1 and 2 (SGGM 1 and 2). These investments contributed to delivering results for our core impact themes of Livelihood, Social, Gender Equality, Earth, and Integrity. These themes are not just concepts; they embody the principles that guide Sarona and reflect our commitment to creating lasting change.

Sarona's 2022 Environmental, Social, and Governance (ESG) and Impact survey highlighted the fund managers' commitment to social impact, gender equality, and climate change management. Key strengths are integrity and adherence to ESG policies and progress in promoting decent work, diversity, equity, and inclusion within their organizations and in their portfolio companies. However, the survey also surfaced areas for improvement, such as publishing a clear statement of the whistleblowing policy and procedures on their website, collecting and reporting gender disaggregated data of beneficiaries and of underrepresented groups, and establishing clear goals for addressing climate-related issues.

Gender equality remains at the forefront of our agenda. Our membership in the 2X Global initiative, demonstrates our advocacy for a global industry standard on gender lens investing. This year's ESG and Impact survey revealed that 89% of participating fund managers and 68% of portfolio companies are 2X Challenge-aligned, which is a testament to our shared commitment to accelerate women's economic empowerment as entrepreneurs, leaders, employees, and consumers.

Climate change, a pressing global challenge, has demanded our fund managers' and their portfolio companies' attention and action. Nearly 50% of portfolio companies have an environmental policy to demonstrate their commitment to sustainable practices.

Although some fund managers and their portfolio companies have made positive strides by tracking and reporting direct greenhouse gas emissions (Scopes 1 and 2), greater collaboration with players across their ecosystem is needed to scale this effort as well as measure emissions across the entire value chain (Scope 3). The role of capital allocators in climate mitigation and transition is ever more critical. Four SGGM fund managers have allocated \$483 million of their total AUM into five investments aimed at advancing climate-smart solutions. By developing environmental improvement plans with their portfolio companies, SGGM fund managers have influenced their investees to manage climate-related risks and set targets for the reduction of emissions, resource use, and waste.

The data in this report tells a powerful story: nearly half a billion individuals and organizations have benefited, more than 220,000 jobs have been sustained of which 39% are women employees, and over 50,000 new jobs have been created over the year. These are not just numbers; they represent lives transformed, livelihoods empowered, and communities uplifted.

We extend our gratitude to our partners and investors. Your dedication and vision are instrumental in driving our mission forward—to continue to catalyse capital and knowledge through commercial impact investment strategies.

As we reflect on the successes of the past year, we also recognize the challenges that lie ahead. Our journey is far from over, and our commitment to continuous improvement remains unshaken. We will persist in pursuing impact and paving the way for a better world, seeking innovative ways to channel capital toward positive change and embracing collaboration with mission-aligned partners.

Meet the Sarona Team

Advancing Excellence at Sarona

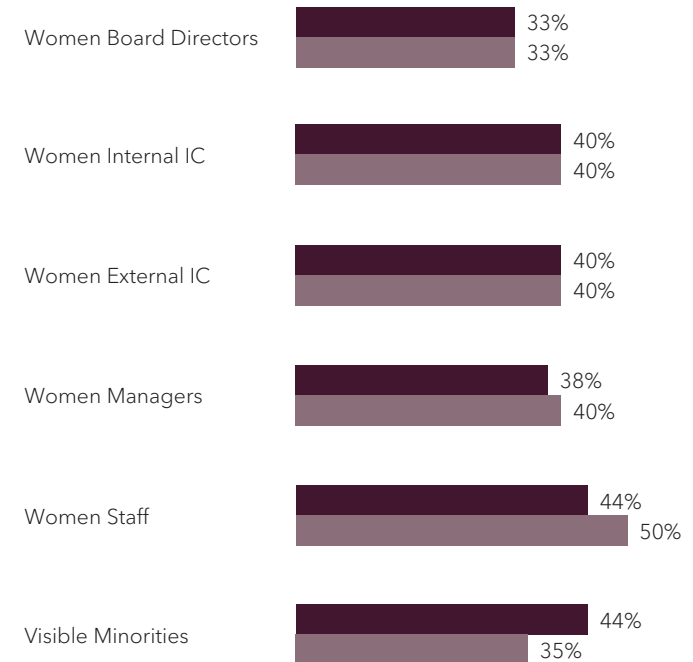


The Sarona team gathered for a summer retreat in 2023, set in Kitchener, Ontario, Canada

One of our strategic goals is to build an amazing and aligned team. We are proud of Sarona’s diverse and talented team, with HQ in Canada and investment and operational staff in Europe and South East Asia.

Embracing diversity and continuously working to improve inclusion are integral to Sarona’s culture. Guided by our diversity goals, we have 44% women on staff and 44% staff from visible minorities². In addition, women hold 38% of management positions.

DIVERSITY AT SARONA








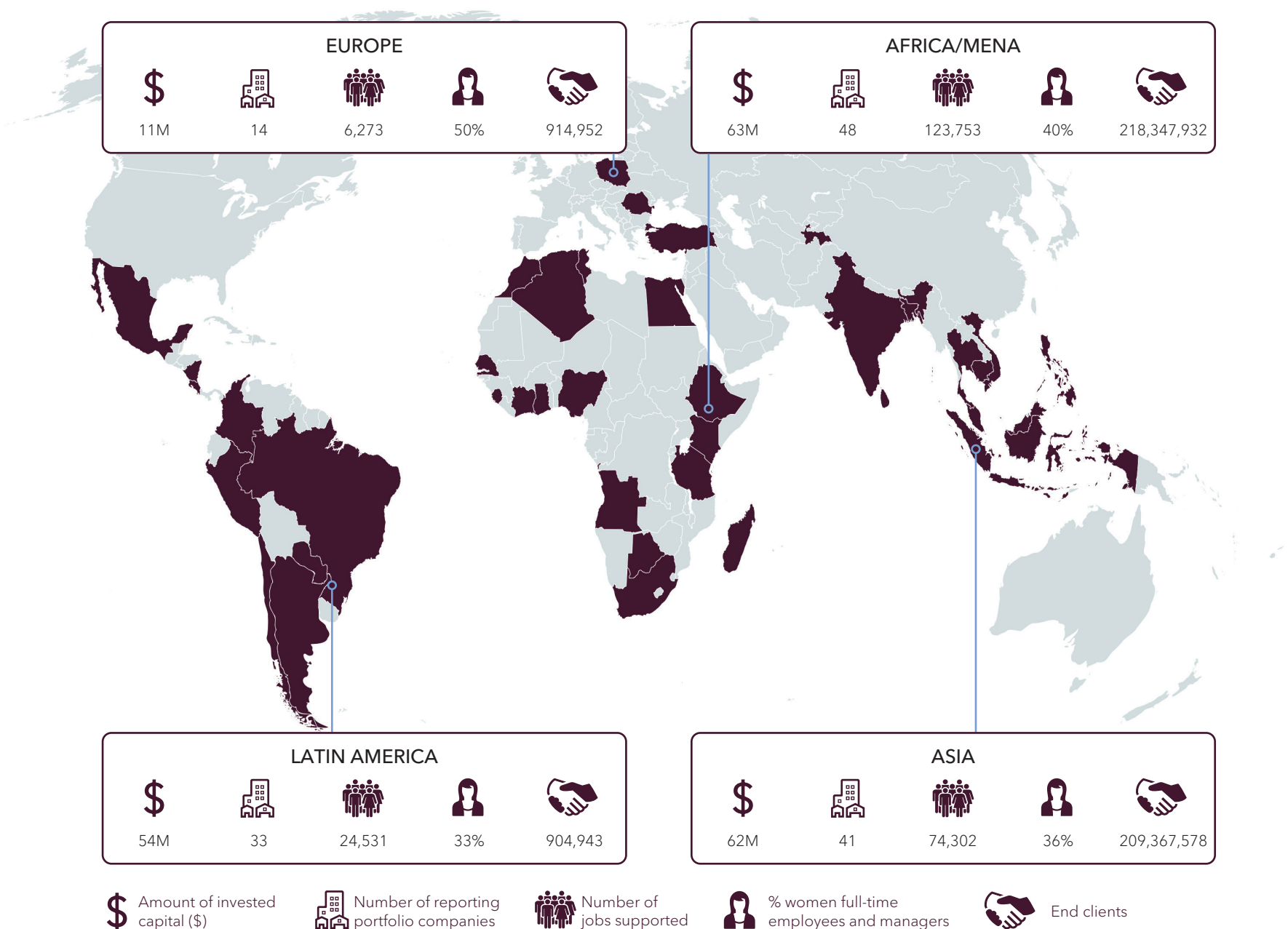
● Actual in 2023 ● Strategic plan target

² "Visible minorities" is a term used in Canadian context. The Canadian Employment Equity Act defines visible minorities as "persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour".






- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

2022 Impact Highlights

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 -  Livelihood
 - » WeNet
 -  Social
 - » Rayco
 - » Retailability
 -  Gender Equality
 - » Metier
 -  Earth
 - » EuReciclo
 - » GEF Capital Partners
 -  Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data



2022 Impact Highlights

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 -  Livelihood
 - » WeNet
 -  Social
 - » Rayco
 - » Retailability
 -  Gender Equality
 - » Metier
 -  Earth
 - » EuReciclo
 - » GEF Capital Partners
 -  Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

19 fund managers and 136 portfolio companies³

\$40 billion Assets under Management—all fund managers, \$273 million dedicated to gender equality and diversity investments and \$483 million investments aimed at advancing climate-smart solutions.

Gender Equality

- ♦ **89%** of fund managers are 2X Challenge-aligned.
- ♦ **68%** of portfolio companies are 2X Challenge-aligned.

Earth

- ♦ **48%** of portfolio companies have a sustainability policy.
- ♦ **36%** have KPIs such as reducing greenhouse gas (GHG) emissions, waste, and resource consumption; and increasing clean energy adoption and employment in the green economy.

Integrity

- ♦ **\$453.43** million worth of taxes paid.
- ♦ **100%** of the companies are compliant with applicable labour, tax, and environmental regulations.

Top three SDGs to which portfolio companies actively contribute to:



8 DECENT WORK AND ECONOMIC GROWTH



5 GENDER EQUALITY



13 CLIMATE ACTION

Overarching theme of **Integrity**

Sarona's Impact Intentionality

The distinctive approach of impact investing is its underlying principle of 'intentionality'. At Sarona, every investment decision is guided by social and environmental values. Impact measurement and management at Sarona is guided by its Theory of Change (TOC) and Social and Environmental Management System (SEMS). Sarona uses indicators from the Impact Investing and Reporting Standards (IRIS) catalogue and encouraged the adoption of these among its investees. We consider the IFC Exclusion List and adhere to the principles or standards set by UN Principles for Responsible Investing, Operating Principles for Impact Management, and the 2X Challenge.

Theory of Change

Sarona has five impact themes essential to achieving its vision of a future where impact investing at scale builds inclusive communities thriving on a healthy Earth. Providing capital to companies in emerging markets is inherently impactful—driving employment growth, enhancing business competitiveness and stimulating economic progress. While we invest in companies, our paramount focus lies in collaborating with leaders in the investment industry to catalyze sustained systemic change. Of the thousand private investment firms in emerging markets, we partner with those whom we consider to be best in class, adding business strength, and improving their social and environmental impact.

³ For this year's SGGM Impact report, analysis was based on 19 fund managers and 136 portfolio companies that responded to the ESG and Impact Survey for 2022.

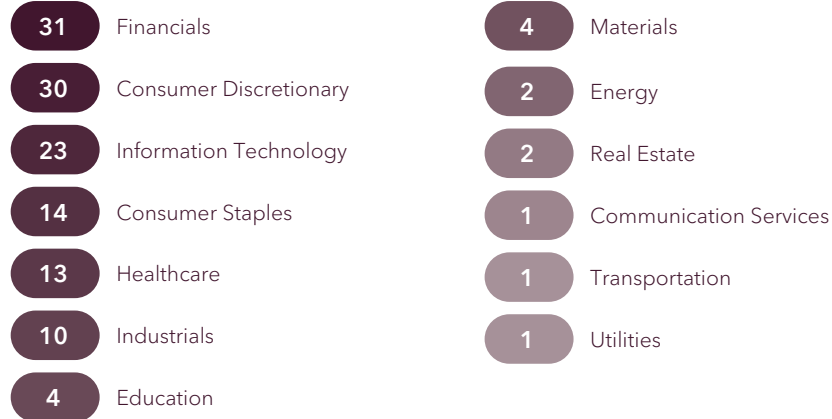
Impact Highlight by Fund

SGGM Fund managers have invested in 136 companies in select sectors⁴. Using the International Finance Corporation’s (IFC) Environmental and Social Categorization, almost 50% of the companies fall into Category C, 37% of companies belong to Category B, and 19% of companies are under Category FI.

IFC ENVIRONMENTAL AND SOCIAL CATEGORIZATION

Category C	With minimal or no adverse risk or impact
Category B	With potential limited adverse risk or impact
Category FI	Investments in financial institutions or through financial intermediation delivery mechanisms

NUMBER OF COMPANIES BY SECTOR



Mekong Capital/Nhat Tin Logistics

⁴ Sectors used in this report are based on MSCI’s Global Industry Classification Standard (GICS®). <https://www.msci.com/our-solutions/indexes/gics>

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies’ Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

SGGM 1

SGGM 1 Impact⁵

10 fund managers and 68 portfolio companies in SGGM 1.

94,612 jobs supported

40% full-time employees are women

24% of leadership roles held by women

60,256 trained employees, 27% women

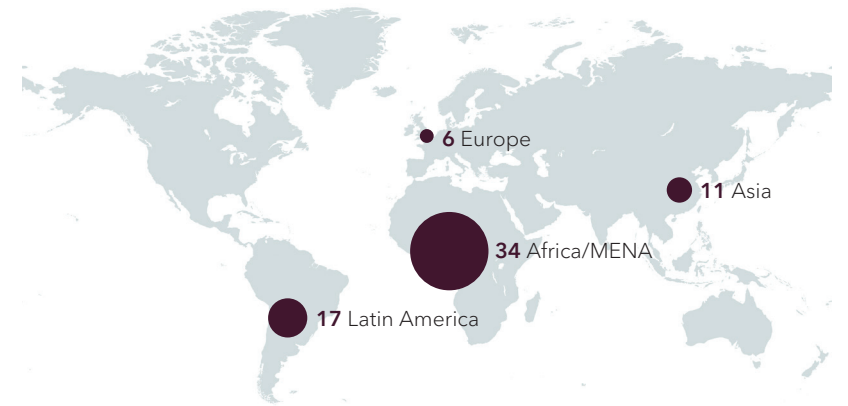
78.30 million individuals and organizations clients

25.13 million individuals with access to healthcare services

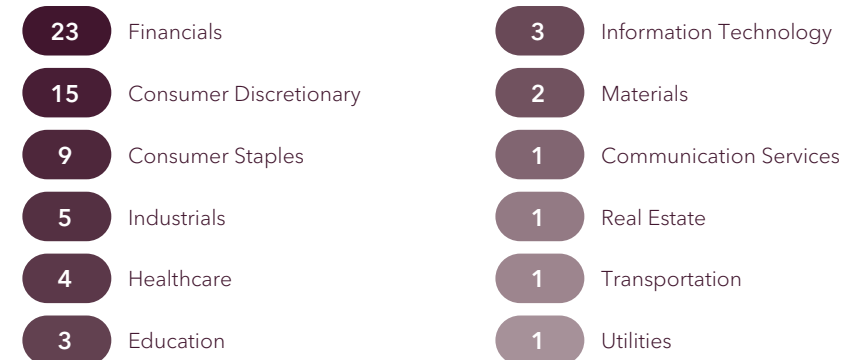
9.93 million individuals with access to financial services

2.21K individual with access to education and skills improvement

SGGM 1 PORTFOLIO COMPANIES BY REGION



SGGM 1 PORTFOLIO COMPANIES BY SECTOR



⁵

Impact analysis was based on 19 fund managers and 136 portfolio companies that responded to the ESG and Impact Survey for 2022. For SGGM 1 Impact, only unique fund managers were counted and those with exposures in the two funds were reported in the SGGM 2 Impact section.

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

SGGM 2

SGGM 2 Impact⁶

Nine fund managers and 68 portfolio companies in SGGM 2.

134,247 jobs supported

38% full-time employees are women

42% of leadership roles held by women

54,070 trained employees, 11% women

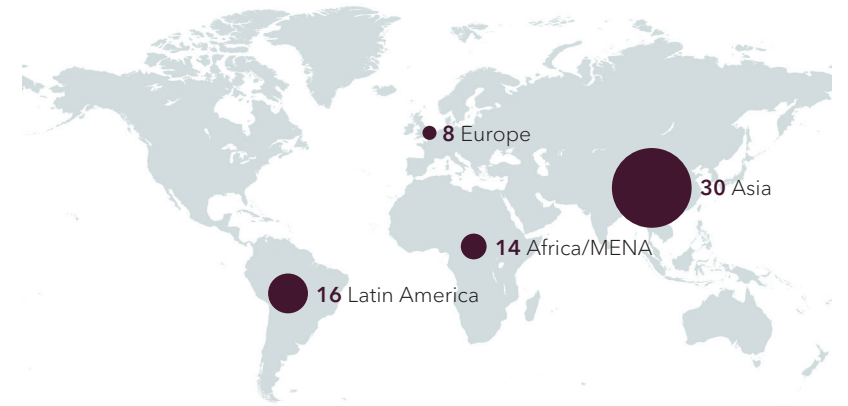
351.76 million individuals and organizations clients

14.22 million individuals with access to healthcare services

189.63 million individuals with access to financial services

22.69K individual with access to education and skills improvement

SGGM 2 PORTFOLIO COMPANIES BY REGION



SGGM 2 PORTFOLIO COMPANIES BY SECTOR

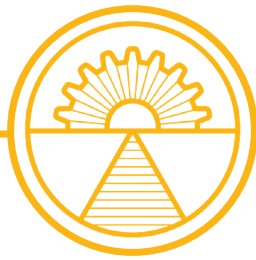


⁶

Impact analysis was based on 19 fund managers and 136 portfolio companies that responded to the ESG and Impact Survey for 2022. For SGGM 2 Impact, analysis was based on nine fund managers, including four with prior exposure in SGGM 1.

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data



LIVELIHOOD

Emerging market economies increase in strength, creating jobs and career opportunities for all

Employment

Promoting productive employment and ensuring decent work is crucial for achieving inclusive economic growth and reducing poverty. Companies foster a skilled and capable workforce by investing in their professional development support and additional benefits.



Innova Capital/ PayPoint

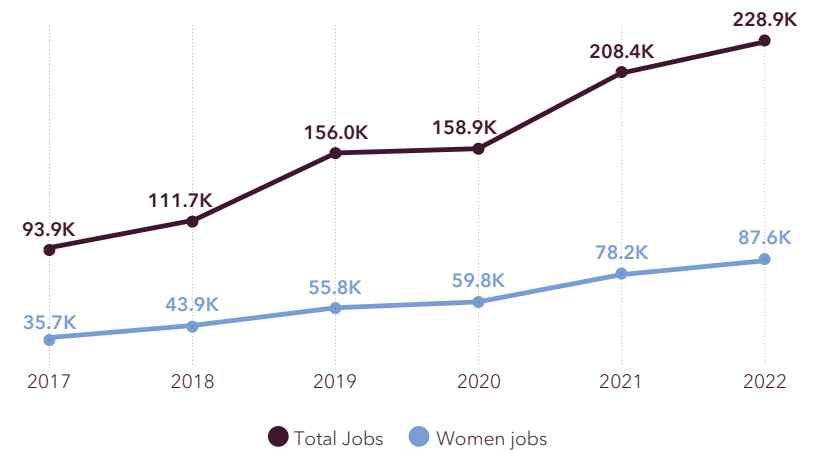
Fund Managers

The total workforce of the 19 reporting fund managers has reached 910. Women represent 52% of the aggregate full-time employees and 30% of managers. Compared to the previous year, women's representation as employees and business leaders has improved by 8% and 3% respectively.

Portfolio Companies

The data indicates a growth trend in both jobs supported and new jobs created across the portfolio companies from 2017 to 2022. In 2022, the SGGM portfolio companies collectively supported a total of almost 229, 000 full-time jobs, a 36% increase from the previous year. Of the total workforce, 38% are women.

JOBS SUPPORTED AT PORTFOLIO COMPANIES, 2017-2022

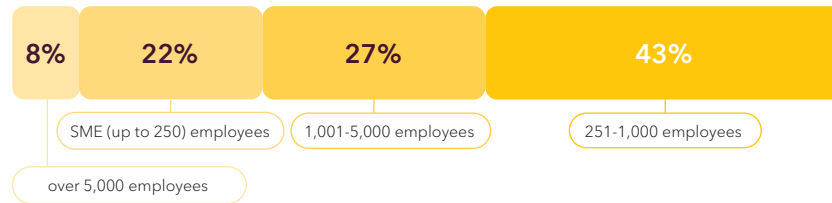


- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Among the companies in the portfolio, 22% are SMEs, which according to IFC are characterized by having 250 or fewer employees.

Over the last five years, the SMEs grew in terms of workforce and at present, 44% of companies had workforces ranging from 251 to 1,000 employees, 27% employed between 1,000 to 5,000 individuals, while 9% were large companies with over 5,000 employees. Notably, the company's size did not significantly influence the representation of women in the workforce, as both SMEs and large companies hired approximately 40% women.

PORTFOLIO COMPANIES BY EMPLOYEE SIZE



Apis Capital/Baobab Group

The Financial sector, which includes banks, fintech, insurance providers and microfinance institutions emerged as the top job creator, supporting 71,000 positions. Following closely were the Consumer Discretionary, Information Technology, Healthcare, and Industrials sectors, each contributing to the overall growth in employment opportunities.

JOBS SUPPORTED AT PORTFOLIO COMPANIES BY SECTOR

	Female Icon	Male Icon
Financials	22,177	48,851
Information Technology	17,096	21,395
Consumer Discretionary	20,397	16,085
Industrials	4,418	14,509
Consumer Staples	3,939	9,294
Healthcare	10,834	4,444
Energy	2,551	3,066
Materials	580	1,307
Education	1,351	1,285
Consumer Services	592	536

The portfolio companies paid US\$1.2 billion in full-time annual wages to their employees. With a median of US\$6.41 million per company and 537 median staff members per company, the corresponding median monthly salary amounted to US\$990 per month.

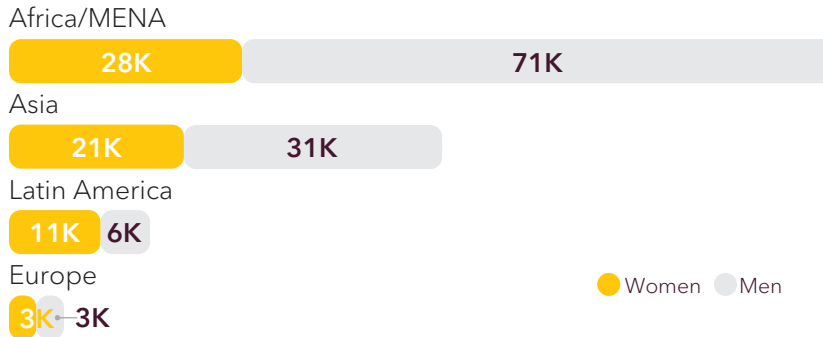
- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Jobs Created at Portfolio Companies

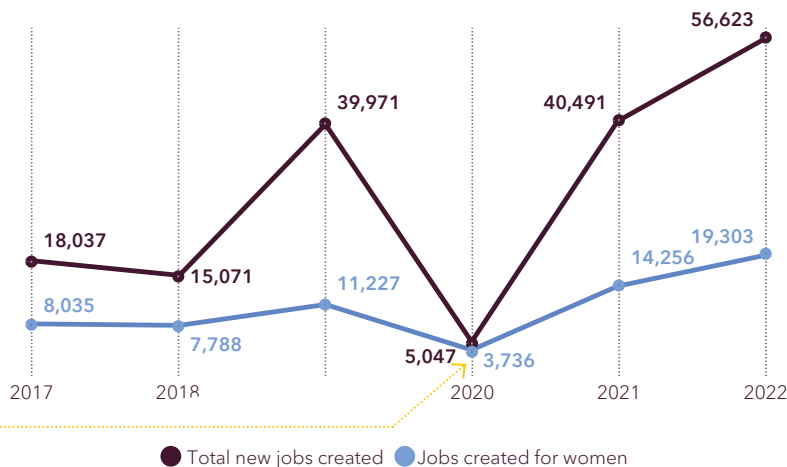
Over the five-year period, 173,000 new jobs were created across the portfolio companies of which 37% were held by women. Although the number of new jobs created declined in 2020 due to the pandemic, the overall trend is that of greater employment opportunities and economic activities.

Within our portfolio, Africa/MENA had 99,000 new jobs created, with 28% going to women. Asia saw 52,000 new jobs, of which 40% were offered to women. Latin America added 17,000 job opportunities, with 65% going to women. In Europe, 6,000 new jobs were created, with an even gender split of 50%.

JOBS CREATED AT PORTFOLIO COMPANIES BY REGION



JOBS CREATED* AT PORTFOLIO COMPANIES, 2017-2022



The decline in 2020 is attributed to the impact of COVID-19.

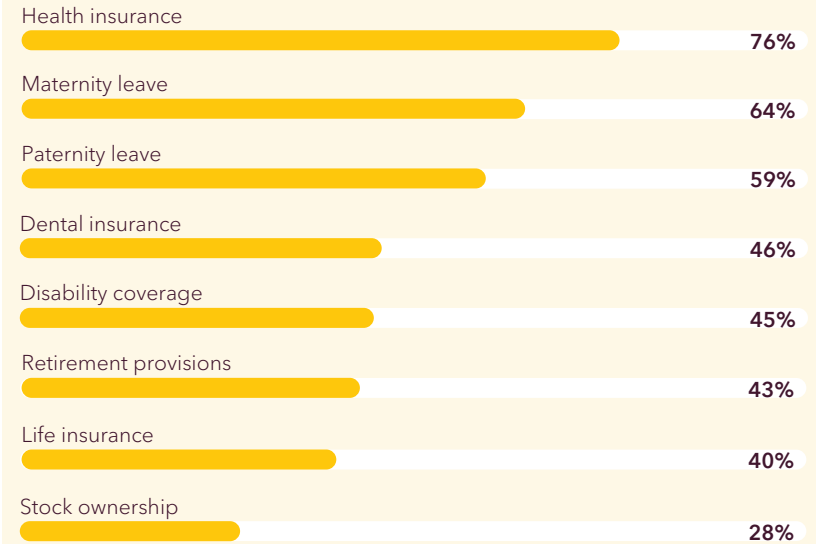
*The number of jobs created is determined by calculating the difference in year-to-year employee data from both active and exited companies.

Employee Benefits

Employee benefits are crucial to attracting and retaining talent, promoting employee well-being and long-term financial security, and creating a positive work environment. Most companies surveyed have recognized the importance of offering additional benefits to their employees, including health insurance (76% of companies), maternity leave (64%), paternity/adoptive leave (59%), dental insurance (46%), disability coverage (45%), and, to a lesser extent, retirement provisions, life insurance, and stock ownership.

Furthermore, many portfolio companies offer unique job perks, such as childcare support, health screens and supplements, free lunch, gifts and financial aid, personal and professional development opportunities, housing allowance, vision insurance, and transportation support.

ADDITIONAL BENEFITS TO EMPLOYEES



- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Professional Development

In 2022, a total of 114,000 individuals, or 50% of the aggregate workforce benefited from professional training offered by portfolio companies. This statistic reflects companies' commitment to ongoing education and career training to help their employees develop new skills, increase productivity, and advance their careers.

Out of the 136 companies that were surveyed, 47 reported a total of 22,000 women employees with training.

The top three sectors with the highest ratio of employees benefitting from employee training programs are

- ♦ Consumer Staples with 87% of the workforce receiving training;
- ♦ Materials at 65%; and
- ♦ Financials with 64%.

Occupational Injuries

During the 2022 reporting period, 60% of the companies reported zero occupational injuries. Only 0.7% of the aggregate workforce of portfolio companies (1,500 employees) experienced work-related accidents. The three sectors with the highest injury rate per 1,000 employees are Transportation (41.4), Materials (30.8), and Consumer Staples (19.8).

In the case of the Transportation sector, the risk of road accidents has increased due to the demand for fast movement of goods and the poor condition of roads in many densely populated locations. To ensure the well-being of employees within and outside the workplace, many companies have reviewed and improved their road safety practices, internal Labour rules (Human resources development manual), Behavior principles handbooks (Code of Conduct), and Employee grievance mechanisms.



Mediterrania Capital*/Indigo

*Mediterrania Capital partially exited Indigo in 2022.

IMPACT STORY

Investing in Human Capital

WeNet is Poland’s largest provider of integrated marketing solutions, supporting more than 48,000 small and medium enterprises. The company has a workforce of more than 1,500, of which 60% are women employees and managers.

In 2022, WeNet received the “Investor in Human Capital” award. It was chosen through a competition organized by the Polish Government where winners are selected based on the votes of the company’s own employees. This is a remarkable recognition for WeNet since the award is given to companies and institutions that think responsibly about the well-being and professional development of their employees.

WeNet endeavors to build an engaging and productive working environment where employees thrive. For its recruitment process, it has designed a candidate experience survey to understand how potential employees perceive the company and how WeNet can better attract the best talents. Other initiatives include addressing employee attrition rates, caring for the mental health of its workforce, and providing regular training for its employees.

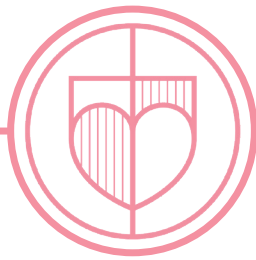
WeNet is a portfolio company of Innova Capital, one of the leading private equity firms focused on Europe. SGGM 2 invested in Innova Capital Fund VI.



Innova Capital/WeNet

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies’ Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data



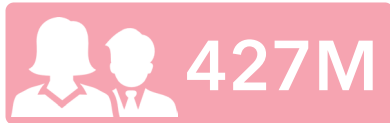
SOCIAL

Empowered individuals build healthy communities, integrating private, public, and civil interests

The 136 reporting SGGM portfolio companies collectively served 427 million individual clients and nearly 3 million organizations located across four regions. The majority of clients (278 million)

are in Consumer finance and information technology. Additionally, there are 45 million clients in the Consumer Discretionary and 38 million in the Healthcare sector.

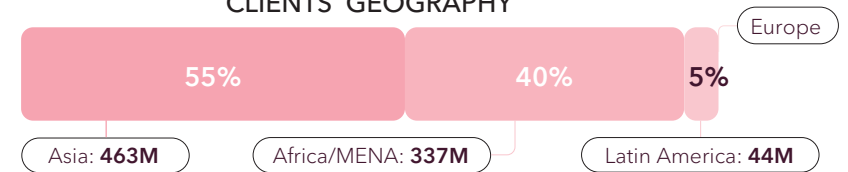
ESTIMATED NUMBER OF INDIVIDUAL CLIENTS



ESTIMATED NUMBER OF ORGANIZATIONAL CLIENTS

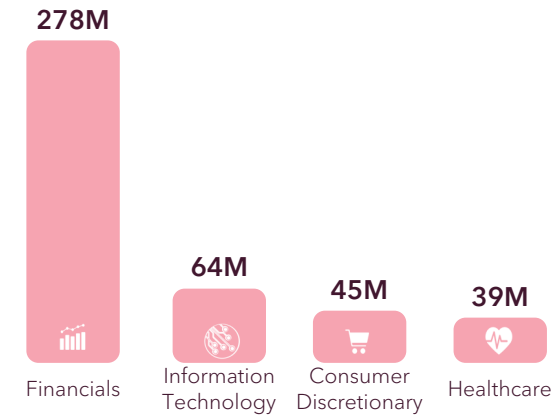


CLIENTS' GEOGRAPHY



Apis Capital/Star Health

SECTORS WITH HIGHEST NUMBER OF CLIENTS



Out of the companies surveyed, 47 disclosed information about their suppliers, indicating that they have sourced from over 20K individual suppliers and 28K organizations in total.

IMPACT STORY

Increasing Access to Finance and Essential Consumer Goods

Rayco Distributor (*Distribuidora Rayco*) has been in business for more than 45 years specializing in the sale and financing of a broad array of consumer goods, ranging from home appliances to domestic goods, electronics, and even motorcycles. About 90% of Rayco’s clientele belongs to Colombia’s low-to-medium income segments hence the company provides them access to the financial resources for home renovations and the acquisition of electrical appliances.

Rayco also targets areas where large, established retail chains have a limited presence. Through traveling points of sales, known as brigadas, which would go to small towns to sell to rural populations, Rayco is able to extend its reach. The company also enables installment payments through utility bills to ease the financial burden of their clients and to keep default levels low.

In 2022, Rayco made a significant impact by extending loans to over 11,000 individuals. Among these borrowers were 2,000 resilient women who manage households and some micro enterprises. Additionally, Rayco facilitated access to credit for 425 individuals who were previously excluded from traditional banking services. This outreach underscores Rayco’s commitment to improve the quality of life of its borrowers and foster financial inclusion among women and underserved communities.

Rayco is a portfolio company of Kandeo Asset Management. SGM 1 invested in Kandeo Fund I and II.



Kandeo Asset Management/Rayco

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGM 1
 - ♦ SGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies’ Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Status of Diversity, Equity, and Inclusion (DEI)

Numerous studies have shown that gender-balanced teams have higher returns and greater gender parity in C-suite improves corporate governance. But gender diversity does not automatically lead to other types of diversity. A study from McKinsey & Company shows that women make up 21% of C-suite positions in the US in 2020, an increase of 3.7% from 2015 but the number of women of color remains low, representing only 3% of those positions.

While the focus of DEI efforts varies depending on the type of organization, corporate culture and cultural context, SGGM fund managers and portfolio companies share the belief that by providing fair opportunities and empowering all staff, the size and skills of the workforce improve, productivity increases and long-term growth is realized.

Working on improving DEI is not an end goal but a way of doing business. At Sarona we have started by focusing primarily on measuring and encouraging greater gender diversity for our fund manager partners and investee companies, while we recognize that there are many other important facets to diversity. Given that we work in different countries, the concept of diversity itself varies which was explored in one of our Values Report, In Unison. We remain committed to deepening our understanding of how diversity plays out in the different markets where we operate.

Fund Managers

Investment firms must continue to implement policies and practices that promote equity in recruitment, promotion including pay, employee retention, and opportunities for leadership development through training and mentoring.

- ♦ 63% of fund managers have defined goals and objectives to promote DEI within their teams. Additionally, 32% of fund managers have established DEI committees, and 26% are signatories of the ILPA Diversity in Action Initiative.
- ♦ Reporting on diversity among staff roles proved challenging for many fund managers. Many fund managers do not consider the term "underrepresented staff" applicable to their workplace. In terms of employees, 55% of fund managers did not consider this metric applicable. Among those where it is applicable,

20% reported having no underrepresented staff, while 25% reported having a diverse staff.

- ♦ Most fund managers indicated no incident of harassment and/or discrimination based on gender and/or race within their company or in portfolio companies.

Portfolio Companies

Only 18% of companies have defined goals, objectives or KPIs for developing a more diverse team.

These efforts include setting targets to increase the number of female employees, tracking diversity hires, and improving representation at the C-suite level. Some companies are actively hiring women in various roles, even in male-dominated sectors. Additionally, companies are implementing policies on Equal Employment Opportunity (EEO) and monitoring the effectiveness of their Code of Ethics and Conduct.



Mediterranea Capital/Indigo

IMPACT STORY

Fostering a Diverse and Inclusive Culture

Retailability is sub-Saharan Africa’s largest private label apparel retailer, offering in-house and branded labels that target low- to middle-income consumers. It has four established brands that include Edgars, Legit, Beaver Canoe, and Style, comprising a ~630-store footprint across Southern Africa, with more than 20% located in Namibia, Botswana, and Eswatini. The company has over 8,000 employees, 78% of whom are women and 98% of whom are African. In senior management, ~50% of the roles are held by women.

Retailability considers human capital its most valuable asset. The collective sum of the individual differences, life experiences, knowledge, self-expression, and talent that employees invest in their work represents a significant part of not only their culture but also their reputation and the company’s achievements. Retailability implements various initiatives to attract, retain, and upskill talents from underrepresented groups in the community:

- ◆ Promotes diversity and inclusion through fair and equitable recruitment and hiring practices. The company uses inclusive job descriptions and advertising and implements a blind resume review process to reduce any bias in the hiring process.
- ◆ Implements policies and procedures that act against discrimination and harassment with a zero-tolerance approach. Retailability has a family-friendly work policy that allows employees in certain roles to stagger their working hours and accommodate a greater work-family life balance.
- ◆ Creates a work environment that encourages respectful communication, teamwork, work-life balance, and commitment to greater understanding and respect for diversity.



Metier Capital/Retailability

By embracing and valuing employees’ unique characteristics, Retailability has seen noticeable benefits of DEI practices in terms of their engagement, as well as an increase in the confidence and leadership of many employees. There is a strong correlation between diverse demographics in customers and workforce diversity. Retailability believes that understanding customers’ preferences through their workforce is a competitive advantage in the retail industry.

Retailability is a portfolio company of Metier Capital Growth Fund II, one of the leading private equity firms in South Africa. SGM 2 invested in Metier Capital Growth Fund II.

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ◆ SGM 1
 - ◆ SGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies’ Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data



GENDER EQUALITY

Women are offered equal workforce opportunities and increasingly lead business and community enterprises



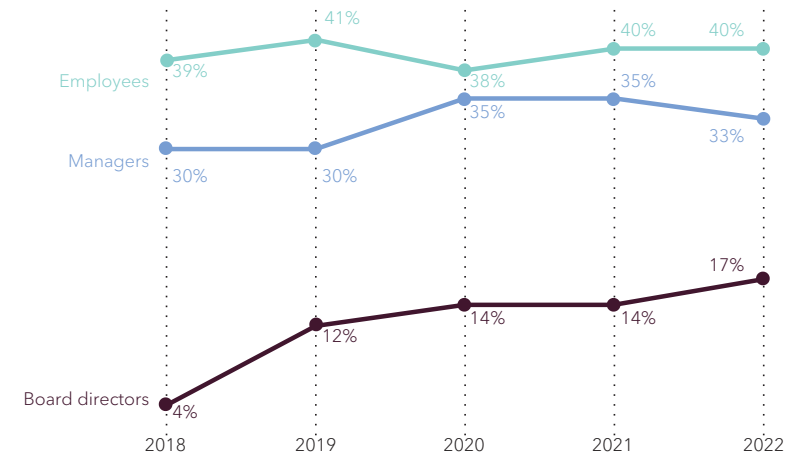
Mekong Capital/Yola Education Joint Stock Co.

Gender equality is necessary for sustainable economic growth.

There is also a strong business case for workplace gender balance, especially at decision-making levels. Various studies prove that businesses with equal opportunity or diversity and inclusion policies and practices have increased profitability and productivity, enhanced their ability to attract and retain talent, had greater creativity innovation, and openness, enhanced company reputation, and showed a better ability to gauge consumer interest and demand.

Using data from 2018-2022, Sarona analysed changes in women's representation—as employees and decision-makers—across the SGGM portfolio companies. Notable improvements over the past five years include a rise in women occupying management positions, increased participation in board director roles, and a substantial presence of women in the overall workforce.

WOMEN'S REPRESENTATION ACROSS PORTFOLIO COMPANIES, 2018- 2022

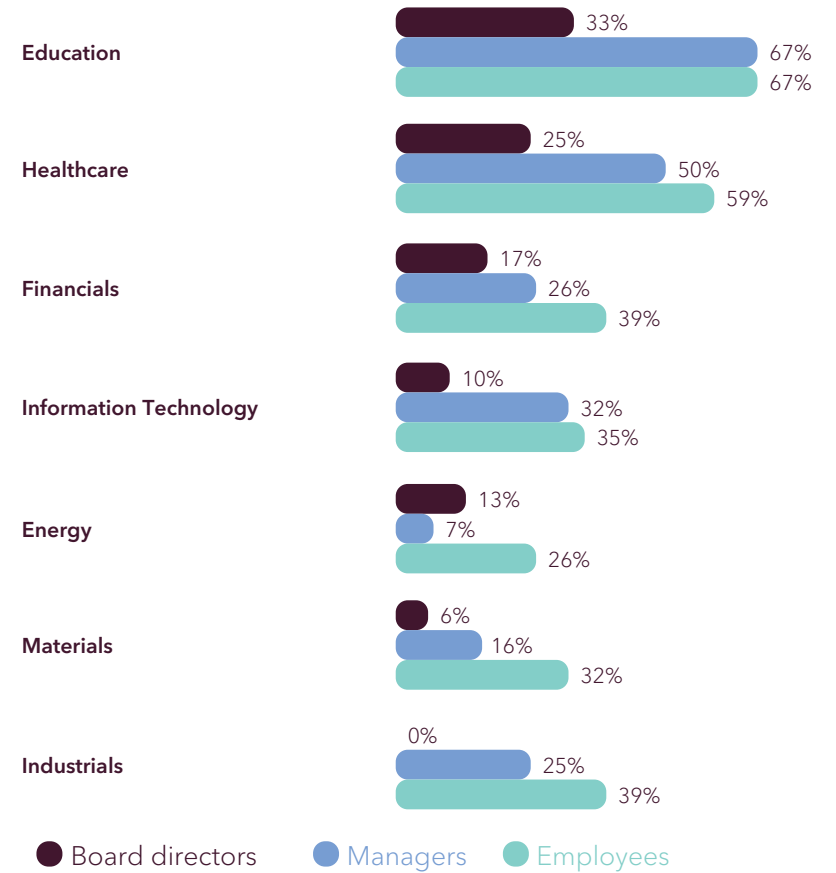


- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Across various sectors, there is varying representation of women as employees and business leaders and decision-makers. Traditionally female-dominated fields like Education and Healthcare show high female presence in management and the workforce, though board representation needs improvement. In Financials and Information Technology sectors, women hold 17% of board seats and 26% of managerial positions, playing a vital role in addressing gender disparities in financial inclusion and the digital economy by developing tailored products.

Despite women achieving parity or majority representation in certain sectors, their presence in leadership roles and as employees remains notably lower in Energy, Materials, and Industrials sectors. This trend mirrors the occupational segregation and gender wage gap seen in both developed and developing economies. Addressing these disparities necessitates strategies such as expanding the talent pool, offering flexible arrangements for all employees, and fostering opportunities for women to ascend to leadership roles.

WOMEN'S REPRESENTATION BY SECTOR⁷



⁷

The data for SGGM fund managers and their underlying portfolio companies are shown as median

2X Challenge-alignment

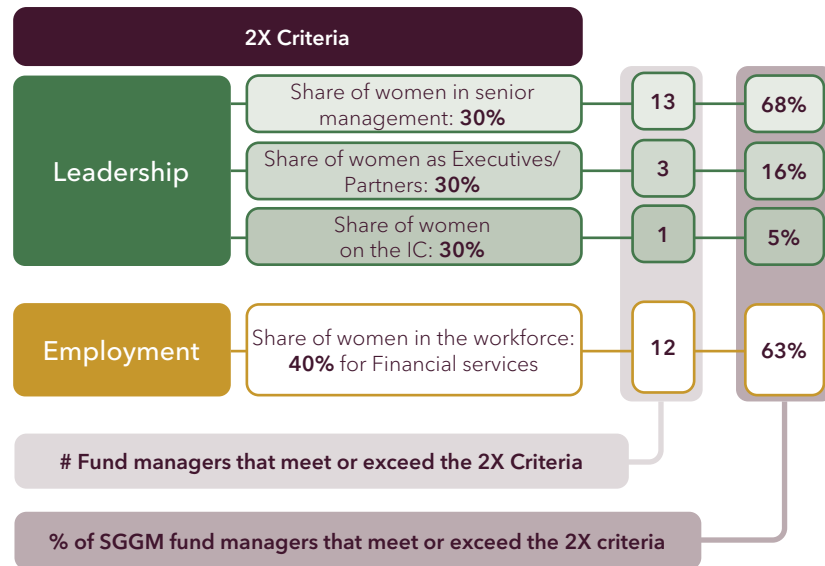
- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Fund Managers

SGGM 1 and 2 are 2X Challenge-aligned funds. 89% of SGGM fund managers have met at least one of the 2X criteria.

As of 2022, 42% of SGGM fund managers have membership in process and/or a formal affiliation to 2X Global.

A significant number of fund managers indicated an interest in programs to help understand and expand their work on gender equality and women's economic empowerment as well as the concept of diversity in different global contexts.



Portfolio Companies

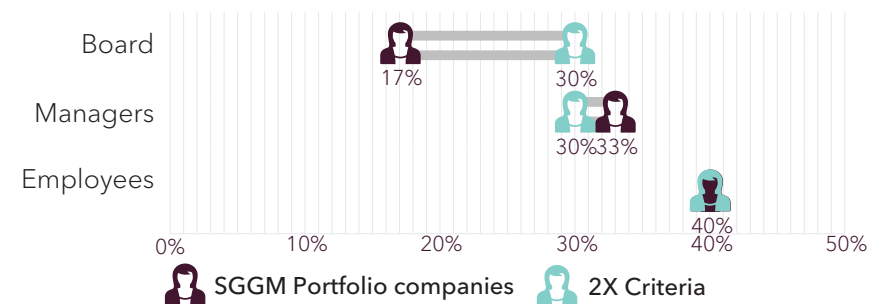
69% of the underlying portfolio are 2X Challenge-aligned. Similarly, the companies outperform the 2X criteria for women in management and women employees. However, they underperform in the percentage of women on the board of directors.

Further analysis of 136 surveyed portfolio companies based on 2X criteria:

1. 13% of the SGGM portfolio companies were founded or co-founded by women.
2. 23% of the portfolio companies have boards composed of 30% women.
3. More than 50% of surveyed portfolio companies had at least 30% of senior management teams represented by women.
4. 72% of the portfolio companies had a substantial representation of women in their workforce, meeting or exceeding the threshold of 40%.

As SGGM invests in mid-market companies where investors may own majority of the company, the criteria of more than 51% women ownership, is less relevant compared to women in senior leadership positions and boards. Moreover, further improvement on portfolio companies' collection and reporting of gender disaggregated data for customer and suppliers is recommended to better understand patterns of gendered impact

WOMEN'S REPRESENTATION ACROSS PORTFOLIO COMPANIES



IMPACT STORY

A Holistic Approach to Advancing Gender Equality

Metier, a South African fund manager with branches in Mauritius and Nairobi, specializes in growth capital for mid-market businesses and expansion capital for sustainable energy and infrastructure. Since 2015, through the Metier Capital Growth Fund II (MCGF II), \$155 million has been invested across eight ventures. From its inception, Metier has aimed for lasting positive impacts across Africa, emphasizing gender equality, climate action, quality work, and responsible consumption and production. Metier’s Responsible Investment Policy underlines a belief that business integrity, financial performance, ESG factors, and positive outcomes are intertwined. This is reflected in Metier’s investment strategy

to invest in opportunities that can deliver top-quartile financial returns through proactive management and mitigation of ESG and Business Integrity risks, where Metier can create a tangible impact on society and the environment.

Throughout the investment cycle, Metier integrates a gender lens approach where potential investments are assessed for gender equality prospects based on the 2X criteria. Using the Metier 2X Aligned Framework Screening Tool, Metier screens potential investments for status as it relates to the share of women in senior leadership and the workforce and the demonstration of willingness to explore gender inclusion opportunities within their business. During due diligence, Metier evaluates potential improvements, risks, or considerations and these are included in post-investment action plans. Post-investment, Metier assists portfolio firms in realizing identified opportunities and establishing gender lens policies.

However, pushing for gender equality in some industries has been challenging. For instance, in heavy engineering firms, it’s tough to attract and retain female talent due to the nature of jobs. Metier collaborated with an investor to provide specialized training, like welding, to appeal to more women and enhance their industry-wide employment prospects.



Metier Capital

Understanding South Africa’s historical background, Metier feels obligated to prioritize transformation, striving to mirror society’s demographics. Metier promotes equal employment opportunities, favoring candidates from underrepresented groups when qualifications are equal. Currently, 33% of Metier’s senior management and 52% of their team are women. Additionally, 47% of their workforce belongs to underrepresented groups, and 75% of MCGF II portfolio companies align with the 2X Challenge standards.

This means that Metier, through its share of women in the workforce and MCGF II portfolio companies, is a 2X eligible investment. Furthermore, Metier has also achieved a 2X Challenge quality indicator by having in place an Employment Equity Policy and a Recruitment Policy—these policies are not regulatory requirements for a company of Metier’s size, which illustrates an “above and beyond” commitment to advance opportunities for women through enterprise support, leadership, career progression, and quality employment that enhances economic participation for women.

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies’ Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data



EARTH

Companies seek to care for the earth, respecting the needs of many generations to come

The urgency for climate action compels all businesses to place climate and sustainability at the heart of their strategy and initiatives. Businesses are taking steps to understand the environmental impacts of their operations, value chains, and products and services and are committing to climate-related targets- pledging to reduce carbon emissions, energy, and water consumption- to slow the pace of global warming and better protect environmental ecosystems. It is encouraging that portfolio companies have made strides in having climate-related policies and practices.

Sarona asked 136 companies how climate change factors into their operations:

- ♦ 10% of companies offer products and services dedicated towards climate change mitigation or adaptation, for example, Hero Motors Limited in India manufactures electric vehicle (EV) components and transmission systems, and EuReciclo in Brazil partners with landfill operators, private

recycling companies, and waste collectors' cooperatives through a model of recycling credits.

- ♦ 41% of companies have undertaken internal or external assessments to understand their environmental footprint.
- ♦ 48% of companies have a documented environmental policy statement, which serves as a formal declaration of their commitment to environmental sustainability and responsible practices. Another 14 % of companies are planning to develop such policies to improve their environmental performance.
- ♦ 36% of companies have already established climate change goals, objectives, or KPIs. These specific targets and metrics are used to measure progress in promoting sustainable business practices and addressing climate change.

Although these portfolio companies are at different levels of climate integration, many are planning to have environment management systems in place. It is anticipated that over time, all companies will be implementing environmentally sustainable adaptive actions.



Apis Capital/Sun King

IMPACT STORY

Mitigating Climate Change Through Recycling

Recycling plays a crucial role in combating climate change and is a fundamental aspect of environmental sustainability. By recycling, we reduce the demand for raw materials, which often require energy-intensive extraction and manufacturing processes that release greenhouse gases. Additionally, recycling helps decrease the amount of waste sent to landfills or incinerators, which emit methane and other harmful pollutants. Recycling also conserves energy since processing recycled materials requires less energy than producing new ones from scratch.

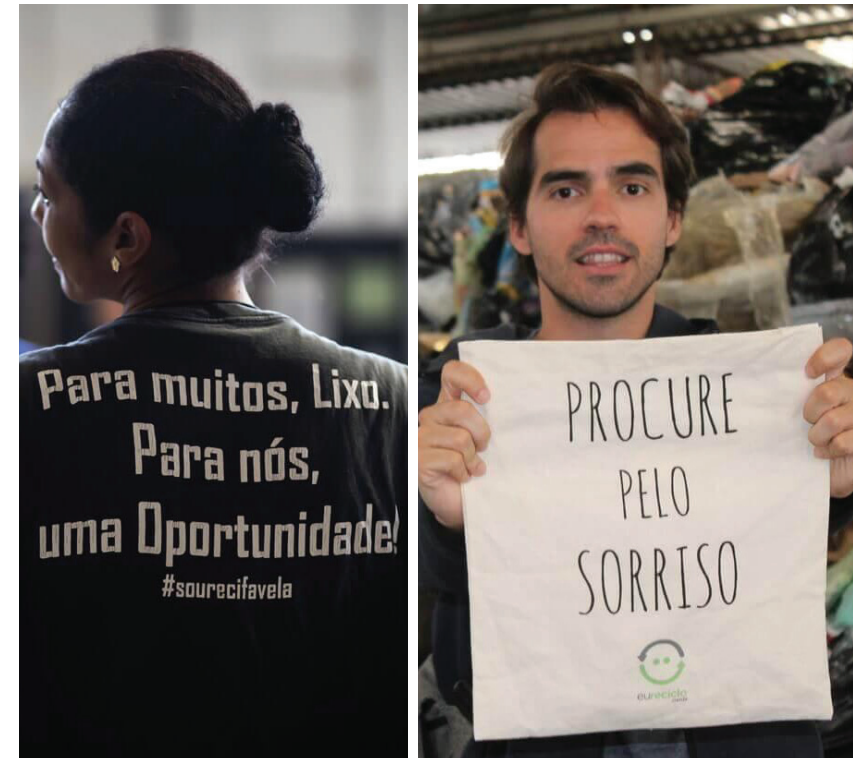
At Sarona, we are proud to support EuReciclo, a company that is transforming the recycling industry in Brazil. Through its Recycling Certificates, businesses or operators with the certificates collect and separate post-consumer packaging by material group (paper, plastic, glass, and metal) and sell recyclable materials to recycling companies.

EuReciclo provides consumer packaged goods companies with an efficient way to comply with extended producer responsibility laws in Brazil, where recycling rates are still below 5%. EuReciclo's efforts have helped to increase the recycling rates in Brazil, as the country produces a staggering 81.8 million tons of urban solid waste annually, according to data from the Brazilian Association of Cleaning Companies Public and Special Waste (Abrelpe). To put this into perspective, the weight equivalent to more than 70,000 statues of Christ the Redeemer.

Today, EuReciclo boasts over seven thousand customers, a growth of 25% compared to the 5,600 customers in 2021, and a registered network of more than 28 thousand operators in Brazil and Chile, with its presence extending to all 26 states of Brazil, the Federal District, and projects in Chile and France. The EuReciclo team is comprised of 184 people, 98 of which are women, in their team in Brazil and 15 employees in Chile.

In 2022, EuReciclo received a BRL 100 million investment (USD 19.8 million), which will allow them to generate additional support for sorting centers and attract more companies to participate in the recycling process.

EuReciclo is a portfolio company of Oria Capital, one of the leading private equity firms focused on Latin America. SGGM 2 invested in Oria Tech III.



EuReciclo

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Tracking and Reporting GHG Emissions

Every business has a carbon footprint, and each can contribute to solving the current climate crisis by taking control of their greenhouse gas (GHG) emissions. To do this, businesses must track, measure, and report their direct and indirect emissions. Although it is not yet mandatory for many companies, many governments and investors are already requiring the measurement of GHG emissions. Aside from regulatory requirements, measuring emissions has direct business benefits such as improving efficiency, reducing waste, and increasing transparency to investors, clients, and the public.

At present, not all portfolio companies are tracking and reporting their GHG emissions, but it is encouraging that many companies are ahead of the curve in terms of collecting and disclosing climate-related data. Among the portfolio companies surveyed, 23 have been tracking and reporting both their Scope 1 and Scope 2 GHG emissions.

At Sarona, we believe that “what gets measured gets managed.” Using data from 2022, we have undertaken a GHG hotspot analysis. In the current ESG and Impact survey, we have added climate-related questions to determine where our fund managers and their portfolio companies stand in terms of climate integration and impact measurement. We will use the findings from the survey to inform future collaborations aimed at knowledge and capability-building.

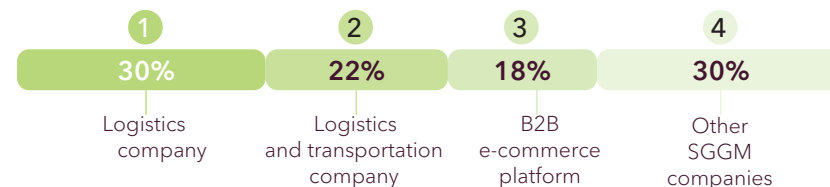
GHG Emissions Hotspots

Sarona, with support from One Point Five, a climate consultancy firm, performed a GHG hot spot analysis of the SGGM portfolio. The analysis is based on 45 companies where SGGM had most material exposure and an estimation of the emissions factors associated with industries and markets where the companies operate. The GHG emissions hotspot analysis revealed that:

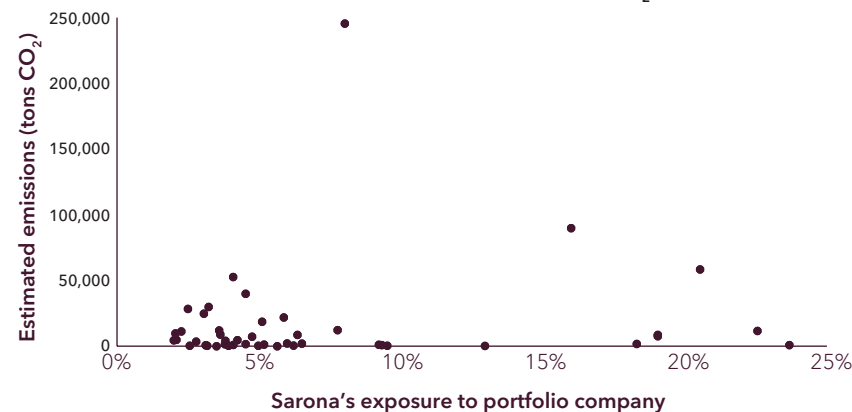
- ♦ Just three of the 45 companies are estimated to contribute 70% of the total footprint, driven in part by their high revenues (\$97million and above), 8% or higher SGGM exposure, as well as their sub-sectors.

- ♦ Logistics as a sub-sector is the top contributor to Sarona’s overall portfolio emissions, followed by Software and Financial Services.
- ♦ The majority of SGGM program’s exposure is below 10% and their estimated emission is at low level (<50K tons CO₂).

SARONA’S EXPOSURE X GHG EMISSIONS– SHARE OF OVERALL PORTFOLIO



SARONA’S OVERALL PORTFOLIO TOP EXPOSURES VS. ESTIMATED EMISSIONS (TONS CO₂)



IMPACT STORY

Investing in Climate Solutions That Matter

GEF Capital Partners is a leading investment firm that is committed to addressing environmental challenges by backing climate mitigation-focused businesses. As of the end of 2022, GEF Capital Partners SAGF II's AUM is \$192 million, spanning investments into renewable energy, energy efficiency, circular economy, sustainable agriculture, electric mobility, and other sectors that drive sustainable climate solutions.

GEF Capital Partners not only seeks to generate attractive returns for its investors but also creates a lasting positive impact on the environment and society. For example, as of 2022, GEF portfolio companies have recycled 90,000m³ of wastewater and conserved 79,449m³ of water. Additionally, their recycling efforts led to the reclamation of 374 tons of waste. Moreover, their investments have resulted in avoiding 710,797 tCO₂e of greenhouse gas emissions, equivalent to planting 22 million trees⁸.

GEF is among the few mid-market private equity funds to initiate emission profiling across its investee companies. This involved measuring and verifying Scope 1 and Scope 2 greenhouse gas (GHG) data through reputable third-party vendors. Looking ahead, GEF aims to map Scope 3 emissions for its portfolio, facilitating a gradual transition towards decarbonization by its investee companies.



GEF Capital and Syrma

⁸ To offset one ton of Carbon dioxide, between 31 and 46 trees are required. <https://8billiontrees.com/carbon-offsets-credits/how-many-trees-to-offset-1-ton-of-co2/>

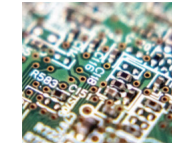
*GEF Capital Partners exited from Syrma SGS in July 2023

Portfolio Highlights

GEF Capital Partners support has enabled its portfolio companies to scale their operations and drive meaningful change.



ESDS enables higher energy efficiency in data center resource utilization.



Syrma SGS is a power and smart electronics manufacturing platform.



SeedWorks farming practices reduce water consumption in cultivation.



3SC provides optimal and cost-effective routes using advanced AI algorithms.



Premier Energies offers reliable solar cells and modules.



Electra EV is a powertrain solutions company.

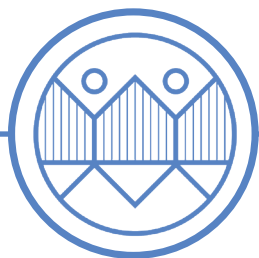


Hero Motors Limited is an EV manufacturer of components and transmission systems.

GEF Capital Partners demonstrates its strong commitment to climate disclosure and risk management by embracing the Task Force on Climate-related Financial Disclosures (TCFD) framework. For the fund manager, the benefits of adopting TCFD are GEF's enhanced investment decision-making and management of potential physical and climate risks; better climate governance and transparency for GEF and portfolio companies' operations; and building resilience of portfolio companies to withstand potential business disruptions associated with climate change.

TCFD The TCFD provides a standardized approach to assessing and disclosing climate-related risks and opportunities in investment portfolios. TCFD implementation empowers investors to navigate the evolving landscape of climate risks and opportunities, align their investments with long-term sustainability goals, and contribute to building a more resilient and low-carbon economy.

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data



INTEGRITY

Companies across emerging markets operate according to the highest standards of probity.

SGGM fund managers influence and support their investees to adopt industry standards and have a positive impact on society and the environment. In turn, portfolio companies have appropriate policies and procedures that govern their business operations and protect the business and their workforce.

Portfolio Companies' Practices

Taxes

Out of the 136 reporting companies, 74% provided information about the amount of taxes transferred to the government. These companies paid US\$453 million in taxes, with a median of US\$1.2 million per company. This indicates a significant contribution to the government's revenue and highlights their responsible tax practices.

Compliance

In 2022, 100% of companies are fully compliant with applicable labour, tax, and environmental regulations, demonstrating their commitment to responsible business practices.

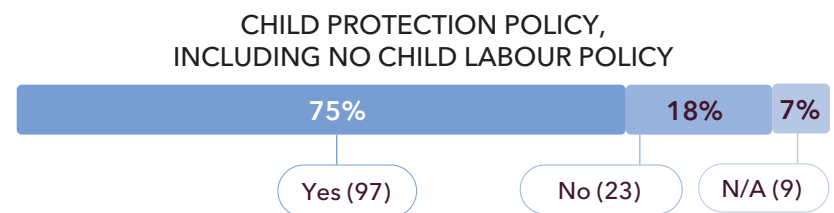
Third-Party Certifications

Aiming to further enhance credibility, customer trust, and long-term growth prospects, portfolio companies exemplify a strong commitment to excellence, responsible practices, and adherence to industry standards. 65% of the reporting companies hold third-party certifications, including ISO 9001 for Quality Management, ISO 27001 for Information Security Management, and ISO 14001 for Environmental Management. Additionally, certifications such as the Food Safety Certificate issued by the local Food Safety Administration or ISO 22000 ensure the safe production, handling,

and distribution of food, while Hazard Analysis Critical Control Point certification ensures food safety through hazard analysis and control.

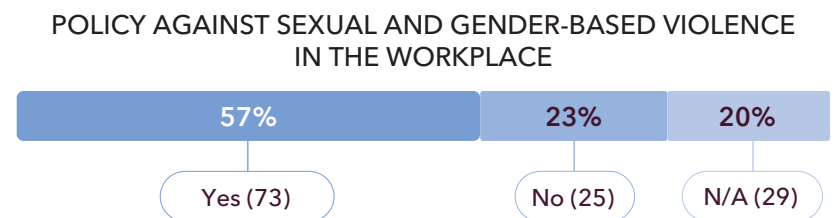
Child Protection Policy, Including No Child Labour Policy

Out of the 136 companies surveyed, 75% have explicit child protection policy to prevention of child labour practices. Half of these companies have standard processes and dedicated staff to oversee and enforce the policy, ensuring effective implementation. The policy adoption is notably high in companies located in Asia (84% have the policy) and Africa/MENA (72%).



Prevention of sexual and gender-based violence policy and process

57% of the surveyed companies have dedicated policies, processes, and staff to prevent and address sexual and gender-based violence. Latin America leads in policy adoption with 89% of companies having it in place, followed by Africa/MENA with 63%, and Asia with 31%.



Fund Managers ESG Performance and Impact Management

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

The survey findings highlight the strong commitment and efforts of SGGM fund managers in ESG governance, engagement and reporting, and building staff expertise. For the fund managers, ESG lens is not only for risk-management tool, but a tool to enhance company values through sustainable and responsible business practices, reinforcing Sarona’s mission to generate both financial returns and positive social and environmental outcomes.






- ♦ 100% of surveyed fund managers have formal ESG policies and systems in place. The majority of the fund managers provide ESG training for their investment teams and have dedicated ESG staff to enable them to actively promote ESG improvements within their portfolio companies.
- ♦ 84% have ensured that ESG and Impact risks and opportunities are integrated into strategic discussions at board meetings

Fund managers assist portfolio company boards to improve budget and financial management; train in governance best practices; and set up audit and remuneration committees. Additionally, a considerable number of fund managers focus on strategies for diversity, equity, and inclusion, and controls against corruption and money laundering.

- ♦ 47% have established ESG & Impact whistleblower/grievance mechanisms, suggesting an opportunity for improvement in this area.
- ♦ 90% have at least one impact standard. The majority of fund managers have developed and use their own impact measurement methodology.
- ♦ 73% maintained dedicated website sections to share ESG initiatives while 63% publish annual ESG or impact reports
- ♦ 63% are considered thought leaders, they speak at events and share expertise



Mediterrania Capital Partners

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 -  Livelihood
 - » WeNet
 -  Social
 - » Rayco
 - » Retailability
 -  Gender Equality
 - » Metier
 -  Earth
 - » EuReciclo
 - » GEF Capital Partners
 -  Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Climate-related Practices

Based on the Sarona survey findings, most of the fund managers have plans to contribute towards mitigating and building resilience to climate change. However, areas for improvement are the identification of climate-related goals, setting up clear climate governance structures, the appointment of dedicated personnel, and climate education and training for 2024 objectives.

Gender Equality Practices

Fund managers assessed their portfolio companies' gender equality and diversity programs. The most common areas of consideration are:

1. Recruitment, selection, and promotion (89%),
2. Gender composition of the workforce and leadership (84%),
3. Safe and inclusive work environment (84%).

Physical Climate Risks



1. Increased capital costs
2. Reduced revenue from decreased production capacity
3. Increased operating costs

Transition Climate Risks



1. Increased costs of raw materials
2. Mandates on and regulation of existing products and services
3. Costs to transition to lower emissions technology

Climate-related Opportunities



1. Adoption of more efficient production and distribution processes
2. Recycling
3. Utilizing lower-emission sources of energy

Other areas, such as professional development, mentoring, and sponsorship (68%), and talent management and succession planning (58%), are also evaluated. Less commonly considered areas include equal pay for equivalent work and gender pay-gap assessments (42%), strategic alignment of gender equality initiatives with business priorities (42%), and flexible work arrangements (37%).

IMPACT STORY

Fostering Sustainable Growth

Archipelago Capital Partners is a leading private equity firm that invests in small to mid-market companies South East Asia.

Archipelago’s sustainability strategy revolves around a central question: how can they invest in growth opportunities that foster economic development for both businesses and people, without negative environmental and social consequences that can compromise their future ability to grow?

However, answering this question is a compelling challenge, given that Archipelago primarily focuses on small and medium-sized companies in emerging markets. They grapple with profound questions like how to address waste problems in countries where recycling awareness and infrastructure are lacking or how to champion climate discussions and solutions in regions where one in five people earn less than \$1.5 a day. Identifying the most pressing and relevant issues for their portfolio companies becomes paramount.

Although Archipelago is relatively new to the sustainability journey, their roadmap is clear. They began by laying the foundation, establishing an Environmental and Social Management System (ESMS) in 2021, and in 2022, they recruited a dedicated ESG officer to lead the ESMS implementation, spanning investment screening, due diligence, and portfolio monitoring.

The next phase centers on engaging portfolio companies with the belief that change must begin with the right governance. Clear commitment and responsibilities at the senior management are pivotal to the way sustainability efforts are internalized across the organization hence in 2022, explicit sustainability responsibilities were assigned to senior management. Looking ahead to 2023, the fund manager aims to quantify key metrics to enhance decision-making.

Archipelago has also initiated the identification of effective practices and relevant topics for their portfolio company teams. For instance, at Coolblog, a women-run Halal dessert drink brand in Malaysia, applies energy-efficient practices. The fund manager is exploring avenues

to further reduce the environmental footprint, such as adopting compostable packaging materials.

Safety and climate change are paramount concerns for another portfolio company, 2GO, which operates in the Philippines, a region highly vulnerable to physical climate risks. Archipelago’s team is proactively addressing safety hazards and conducting a comprehensive assessment of physical climate risks.

Guiding their portfolio companies with a patient yet resolute approach, Archipelago aims to unite all functions and levels of these companies in their sustainability journey. They are in the process of finalizing 2-3 key focus areas for 2023, tightly linked to management KPIs, underscoring their commitment to responsible and sustainable growth.



Archipelago Capital Partners

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies’ Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Looking Ahead

Recognizing the ongoing journey towards sustainability, Sarona remains committed to achieving the vision we set forth in our Theory of Change and upholding the principles of our Social and Environment Management System. In next year’s reporting phase, our central effort lies in a deeper analysis of climate investment risks and opportunities, as well as impact measurement with a climate lens. We will improve our internal capacity on Task Force on Climate-related Financial Disclosures, with the intent to develop a system for climate reporting and disclosures.






One of the goals of our Strategic Plan is to “democratize knowledge of impact investing inclusive of gender and climate.” Sarona is refining practices and protocols for managing and gauging impact, aimed at fostering greater coherence and alignment across the landscape. For 2023, Sarona will be organising a series of learning events, providing Benchmarking reports to each of our fund managers, and continuing to work with our values-aligned partners to scale impact investing.



Sarona Asset Management

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 - » Livelihood
 - » WeNet
 - » Social
 - » Rayco
 - » Retailability
 - » Gender Equality
 - » Metier
 - » Earth
 - » EuReciclo
 - » GEF Capital Partners
 - » Integrity
 - » Portfolio Companies’ Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
- » Summary of Results and Notes on Data

Summary of Results and Notes on Data

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 -  Livelihood
 - » WeNet
 -  Social
 - » Rayco
 - » Retailability
 -  Gender Equality
 - » Metier
 -  Earth
 - » EuReciclo
 - » GEF Capital Partners
 -  Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
 - » Summary of Results and Notes on Data

Each year, Sarona conducts a comprehensive assessment of ESG and its impact on performance for all the portfolio companies. This report is based on data obtained from 19 fund managers and 136 SGGM companies, which constitute a portion of the total portfolio comprising 157 companies. The data was provided to Sarona by fund managers and covers the period from January 1, 2022, to December 31, 2022, for most companies, and until March 31, 2022, for others, depending on their respective fiscal year ends.

In the context of aggregated data, the “median value” is used across the report due to its simplicity and intuitive nature. By representing the average value of the data points, we strive to offer a balanced and informative summary of the overall data set.

It is important to acknowledge that our portfolio companies represent a relatively small sample size. As a result, while the aggregated results provide valuable insights into trends, they should not be considered conclusive in industry terms.

All the impact numbers represent the total aggregate impact created by our private sector investees, not the portion that our individual investments supported.

We acknowledge that data does not equal truth, and we are committed to improving our research to better understand the meaning of such data.

SGGM ESG Summary






Social	2022	2021
Jobs supported - Estimated	229K	208K
Jobs created - Estimated	54K	40K
Women Jobs supported	88K	78K
Women Jobs created	14K	10K
Median # of employees per company	537	483
Median number of employees trained per company	326	284
Median # of individual clients per company	22K	4K
Median # of individual suppliers per company	148	326
% of board members who are women	17%	14%
% of management who are women	33%	35%
% of staff who are women	40%	40%
Governance		
Number of organizations with certification	65%	65%
Number of organizations in compliance with local regulations	100%	100%
Total taxes paid for the year, \$	453.43 M	625.92 M
Environment		
% of companies perform environmental impact assessments	41%	41%
Number of companies reporting GHG emissions	23%	N/A
Scope 1 (Direct Emissions), tons GHG, CO ₂	228,643	N/A
Scope 2 (Indirect Emissions), tons GHG, CO ₂	242,977	N/A
Scope 3 (Value Chain Emissions)	N/A	N/A

Summary of Results and Notes on Data

List of MSCI sector categories:

Sector	Details
1. Energy	Companies involved in the exploration, production, and distribution of energy, including oil, gas, and coal.
2. Materials	Companies engaged in the extraction, processing, and production of raw materials, including metals, chemicals, and forestry products.
3. Industrials	Companies involved in the production and distribution of goods and services, including machinery, transportation, and defense.
4. Consumer Discretionary	Companies that sell non-essential goods and services, such as automobiles, clothing, and entertainment.
5. Consumer Staples	Companies that sell essential products and services, such as food, beverages, and household items.
6. Health Care	Companies involved in the production and distribution of healthcare products and services, including pharmaceuticals, medical equipment, and healthcare providers.

Sector	Details
7. Financials	Companies involved in the provision of financial services, including banking, insurance, and investment management.
8. Information Technology	Companies involved in the production and distribution of technology products and services, including hardware, software, and IT services.
9. Communication Services	Companies involved in the provision of communication services, including telecommunications and media companies.
10. Utilities	Companies that provide essential services such as electricity, gas, and water.
11. Real Estate	Companies that own, develop, and manage real estate properties, including residential, commercial, and industrial real estate.
12. Education	Pre-primary, primary, secondary, and tertiary education, adult literacy/non-formal education, vocational training, general education sector

- » Message from the Sarona Team
- » Meet the Sarona Team
- » 2022 Impact Highlights
- » Impact Highlight by Fund
 - ♦ SGGM 1
 - ♦ SGGM 2
- » Results per Sarona Impact Themes
 -  Livelihood
 - » WeNet
 -  Social
 - » Rayco
 - » Retailability
 -  Gender Equality
 - » Metier
 -  Earth
 - » EuReciclo
 - » GEF Capital Partners
 -  Integrity
 - » Portfolio Companies' Practices
 - » Fund Manager ESG Performance and Impact Management
 - » Archipelago Capital Partners
- » Looking Ahead
 - » Summary of Results and Notes on Data



Sarona Asset Management Inc.

Australia | Canada | Netherlands | Singapore | United States

+1 519 883 7557

sarona@saronafund.com

saronafund.com

SARONA