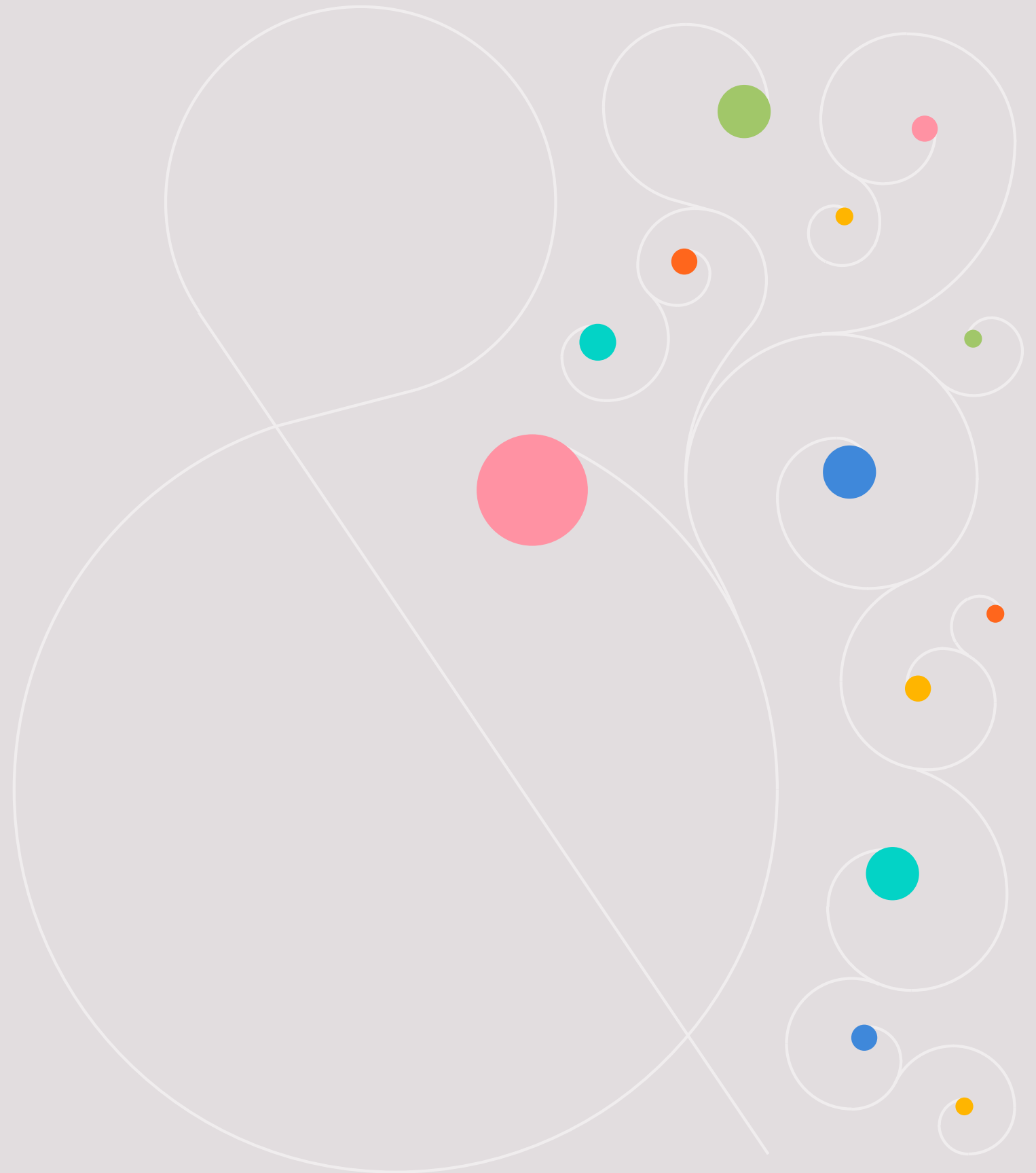




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03

Introduction

05

Sarona Timeline

07

Sarona's Industry Collaborators:
Aligning our networks with our goals

12

Sarona's Investment Portfolio: Our local GP partners help us deliver better results; we help them deliver and benchmark their impact

18

Sarona's Investment Portfolio: Growing our investee companies and improving their impact: One on one with Oria

22

Sarona's Investors:
Blended Finance

26

Sarona's Investors:
Public sector investors seek to scale impact through the potential of Blended Finance

30

Conclusion

32

Metrics

34

Affiliations & Accreditations

→ Introduction

It has been said that one can go **faster** alone, but **farther** when together with others. Nowhere is that more true than in business, where “*going it alone*” leaves one friendless when a hand is needed.

In the private investment business, going it alone isn't an option. For us, it's all about partnerships. Our investors are limited partners in our funds. Our investments are made in partnership with local general partners across emerging markets. Our key managers are partners in our firm. And we partner with many advisors and collaborators to improve our investment performance and our impact. Our business is one of collaborating with many others to achieve the best results possible.

We find ourselves at a critical crossroads within the impact investment space. The strides we've made in economic development, closing the gender gap, and fostering global collaboration stand as testaments to our collective efforts. However, these achievements have been profoundly shaken by recent conflicts, the climate crisis, and the effects of COVID-19. The once steadfast march of globalisation now falters as nations turn inwards, adopting insular and protectionist stances. Despite this, or maybe because of it, at Sarona, we believe it's time for us to rally, to rise with resilience and rekindle the spirit of cooperation and partnership. Impact investing is a powerful tool to direct capital and know-how towards the most needed areas and business models that can make the most significant differences.



This year's Values Report will examine various elements of Sarona and the relationships that define us. In the next pages, we'll talk about partnering with our investors, both commercial and public sector. Our first fund, and indeed all of those after that, have included MEDA members as investors, imbuing them with that commercial family enterprise spirit that also inspired MEDA's initial dairy farm investment in the 1950s. But we've also expanded our investor partnerships to include non-profit and public sector investors. That wasn't straightforward; we had to learn to serve different objectives. We'll also talk about our investments, and how we partner with local private investment firms and investee companies to improve profits and impact. Believing that local business acumen and on-site presence is a strong determinant of investment performance, we won't invest in Vietnam or Nigeria or Colombia without a local partner. That means that our most important work may be building strong partnerships with the best private investment leaders in those countries.

And, we will also shine a light on the various advisors and industry experts we collaborate with to achieve better financial results for our investors and better impact results for this world. We are leaders in our industry partly because we stick to our values. We sought to contribute to the field of impact investing, which for us meant optimising financial success for our investors and impact benefit for the world. For us, building the field meant being early members and supporters of foundational impact investing associations, corporate social responsibility bodies and diversity and inclusion initiatives.

We hope you enjoy the exposition and perhaps learn more about how, what, and why we are. ■

—*The Sarona Partnership*





Sarona Timeline

Mid-1990s



Sarona Global Investment Fund, MEDA Investments Inc.

—
MEDA's investment program is launched by Gerhard Pries, incorporating a subsidiary, MEDA Investments Inc., and Sarona Global Investment Fund.

2011



Sarona Asset Management Inc.

—
Sarona is spun out of MEDA by Gerhard Pries and Serge LeVert-Chiasson. MEDA retained 10% stake in Sarona until 2023.

Global Impact Investing Network (GIIN)

—
Sarona becomes a founding member of GIIN Investors' Council, dedicated to impact investing at scale around the world.

B Corp Certification

—
Sarona is certified as a B Corp, stating our purpose to benefit all people, communities and the planet. Achieved *Best for the World* ranking in 2019, 2020 and 2021.

2013



United Nations Principles for Responsible Investment (UNPRI)

—
Sarona becomes a signatory to the UNPRI Private Equity Principles, therewith contributing to a more sustainable global financial system.

2017



Canada Forum for Impact Investment and Development (CAFIID)

—
Canada Forum for Impact Investment and Development was launched to connect individuals, organisations, and investors who engage in ESG and financial returns together.

2019

Operating Principles for Impact Management (OPIM)

—
Sarona becomes a signatory to the Impact Principles, ensuring that impact is considered throughout the life of an investment, not merely at its inception. Externally verified by OPIM in 2020 and 2023, confirming our alignment with the principles.

2020

Taskforce on Climate-related Financial Disclosures (TCFD)

—
Sarona adheres to the disclosure recommendations around four areas: governance, strategy, risk management, and metrics and targets.

2021

Institutional Limited Partners Association (ILPA) Diversity in Action Initiative

—
Sarona joins the initiative wherein limited partners and general partners share a commitment to advancing diversity, equity, and inclusion in the private equity industry.

2022

2X Aligned

—
Sarona becomes a member of the 2X Global Initiative, an association dedicated to advancing gender-smart investments. Sarona and its funds are now 2X aligned, meaning that they have at least 30% women in senior leadership and/or 30-50% share of women in the workforce.

2023

Australian Development Investments launched (ADI)

—
First established as a development financing mechanism for the Australian Government, known as the Emerging Markets Impact Investment Fund. Now expanded to an official AUD\$250mm programme committed to growing the Impact, Gender Lens Investment and Climate investment market.

SARONA'S INDUSTRY COLLABORATORS:

Aligning Our Networks With Our Goals



We believe in the
perpetual power
and promise of *And.*





Partnerships, relations, connections - all of these have a much wider reach than that of the immediate stakeholders of our business. To move markets, **we need to think bigger and collaborate** with the broader impact investment industry.

When we started our journey in 2010 intent on combining purpose and profit, the impact investing industry was still in its infancy. Since then, many bright ideas have emerged and flourished, and some have failed. Both successes and failures are necessary for an industry to learn, grow, and mature. We were early contributors and are encouraged to see that the industry made significant strides forward. However, we have only just begun. The ultimate goal is impact investments in every portfolio, but we cannot do this alone. We must partner with others with a mission and vision similar to ours – impact investments at scale.

Sarona was a founding Global Impact Investing Network (GIIN) Investors Council member. The GIIN is a non-profit organisation dedicated to increasing the scale and effectiveness of impact investing. Sarona is also verified by a third party on its adherence to the Operating Principles of Impact Management.

We have also signed on to the Principles for Responsible Investment (PRI). The PRI is a United Nations-supported international network of investors working together to implement its six aspirational principles:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities we invest in.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.



By engaging with GIIN, OPIM and UN PRI, we contribute to the dialogues of innovative impact investing strategies and best practices, enhancing our ability to make investments with positive social and environmental impact. The GIIN IRIS+ framework is the base of our impact measurement. Our investment team embeds impact considerations in every step of the investment process."

Ralitsa Rizvanolli



Partner,
Head of Investments





Since the Principles were released, many other impact standards and initiatives have emerged. We are currently signatories to the Institutional Limited Partners Association's (ILPA) Private Equity Principles (2013), ILPA's Diversity in Action Initiative (2021), the Operating Principles for Impact Management (2019), and supporters of the Task Force on Climate-related Financial Disclosures (2020).

Sarona as a company also aims to "walk the walk".

We are a certified B-Corp company since 2011, and most recently were named Best for the World for four consecutive years. B-Corps represent a global movement of companies dedicated to using business as a force for good.



The Task Force on Climate-related Financial Disclosures (TCFD provides a framework for understanding the financial impacts of climate change. By aligning our Social and Environmental Management system and impact indicators with TCFD recommendations, we ensure transparency in climate-related risks and opportunities, enhancing investor confidence. This commitment to sustainable investment practices positions us at the forefront of responsible asset management in a rapidly evolving global market."

Mat LeRoux

Partner, Head of Finance and Operations



Sarona's continuous alignment to B Corp principles signifies our commitment to higher standards of social and environmental performance, accountability, and transparency towards our employees, investors, investees and partners..."

Serge LeVert-Chiasson

Managing Partner,
Chief Compliance Officer





This certification spans industries, uniting companies with a common goal: redefining business success. The focus is on creating a more inclusive, equitable, and sustainable economy by addressing challenges like inequality, climate change, and social injustice through responsible business practices. Being a member of this movement has proven to be an invaluable learning opportunity as the questions in the certification process have sparked internal conversations and led to continuous improvement of our internal processes and policy.

Gender has always been a focal point of our strategies, and we have sharpened this focus as the investment manager for the gender lens focused mandate of the Australian Government in Southeast Asia (Australian Development Investments). This year we also joined the 2X Global movement. 2X Global is a global membership and field-building organisation for investors, capital providers, and intermediaries working in public and private markets across developed and emerging economies, focusing on unlocking gender-smart capital at scale. We actively engage in this community and continuously evaluate our portfolio against the organisation's criteria.

Being headquartered in Canada, we have joined local networks and associations. Together with the Mennonite Economic Development Associates (MEDA), we were founding members of Canada Forum for Impact Investment and Development (CAFIID). CAFIID is a non-profit organisation that promotes a dialogue on impact investing and demonstrates how it can enable access to finance for more businesses and contribute to sustainable development. We collaborate with other investors, asset owners, and managers to define practical actions, global standards, and benchmarks, focusing on achieving clarity and consensus around the critical issues in the Canadian impact investing scene.

Our ecosystem partnerships point to our desire to stand at the forefront of the impact investing industry. We aspire to be the change we wish to see in others. We get there by continuously learning, teaching and collaborating. By learning from others, adopting new theories and practices, we can continue to improve our internal and external mechanisms. ■



We know that significant gaps exist in women representation in the financial industry and especially in leadership positions. By being an active member of the 2X Global community, we hope to narrow the gap. Sarona holds a unique position as an investor in a global emerging markets portfolio of funds and companies. We have been actively discussing gender diversity with fund managers over the years and we have seen promising signs in our portfolio as more women are taking leadership roles as well as being a significant part of the workforce."

Patrick Hergt

Partner, Head of
Business Development



SARONA'S INVESTMENT PORTFOLIO:

Our local fund managers help us deliver better results; we help them deliver and benchmark their impact.

Like the seed that falls to the earth and grows to bear its own fruit, **And** is the hope of tomorrow.





Insights based on impact data can **drive capital toward solving global challenges**. Saron's benchmarking strategy enhances transparency among our partners while promoting sustainable impact.

Benchmarking refers to the practice of comparing and evaluating an organization's performance against established standards, peer groups, or best practices. Data analytics and visualization are essential tools for successful benchmarking. At Saron we annually benchmark the ESG and impact performance of our investees.

Annually, Saron surveys our fund managers and their underlying portfolios in emerging markets to assess their ESG, impact management, and climate practices. The aggregate results and learnings are published in Saron's annual impact reports. Saron also produces individualised benchmarking reports that are shared with each fund manager as a recognition for their contribution and an opportunity to highlight their successes and areas of improvement.

Why do we benchmark? Benchmarking helps Saron and its partners compare their investments' performance to one another and the broader market. For Saron, this practice aligns with our strategic goal to democratise impact knowledge. It fosters transparency and collaboration by making such critical information accessible and understandable to our partners.

How effective is benchmarking? The extent to which benchmarking 'works' depends on the organisation intent and resources available to address the recommendations. We couple our recommendations with targeted technical assistance for some of the funds Saron manages. Fund managers have expressed appreciation for the benchmarking reports as they help to track crucial metrics, see progress, and act.

What is our focus? Last year, our benchmarking reports focused on gender inclusion. Using the 2X Challenge criteria, we assessed progress in gender equality at the fund manager level and within their companies. This year, we continue to look at gender inclusion and have added more ESG and climate change indicators.



In the feedback received, fund managers emphasise the need for broader benchmarks. While gender remains essential, there's a call to integrate ethnicity and nationality where applicable. Other examples include the count of female clients, a company's environmental footprint, governance practices, its alignment with exclusion lists, and ESG frameworks and certifications valued by other fund managers.



We are pleased to note that our performance is either in line with or surpassing that of our peers, especially in the realm of gender inclusivity. We have been intentional about making strides in this area and assessing our performance against our peers helps us to identify where we have made progress and areas for further improvement. We value the ongoing support from Sarona and ADI, and look forward to our continued collaborative efforts to enhance our impact."

Lienda Kavindele

Lendable's
Director of Impact



The report proves exceptionally useful by offering a personalised diagnosis of where our company stands compared to others. This allows us to align and adjust our gender equality standards with those prevalent in the market, enabling us to make better decisions for enhancing asset management, all within the framework of sustainability that our organization upholds. Finally, it's worth highlighting that the report provides accurate and reliable data, which greatly facilitates the comparison."

Luisa Guevara

VP ESG,
Kandeo Asset Management





Two samples from our Benchmarking reports, showcasing Gender Inclusion and an analysis of ESG governance practices.

1. Gender Inclusion

The gender diversity in Sarona's portfolio has improved in the last five years, and we see promising signs in terms of women in management, women taking more partnership roles and being a significant percentage of the workforce. Despite some progress, women remain underrepresented in leadership positions, e.g. boards and investment committees. Our encouragement to fund managers is to increase diversity in those positions-as more diverse capital allocators tend to invest in more diverse founders and companies.

According to the 2X Challenge, a fund manager is considered 2X aligned if both it and 30% of its portfolio companies are also 2X aligned.

Our recent survey shows that 89% of fund managers and 71% of companies meet the 2X Challenge criteria. Many are working to improve women's roles in their organizations.

The takeaway: Observing market trends related to gender equality is crucial. The interest and capital allocation towards gender lens investing and women's participation and leadership in business has grown. Measuring progress at these indicators reflects the fund managers' contributions to SDG 5 (Gender Equality).

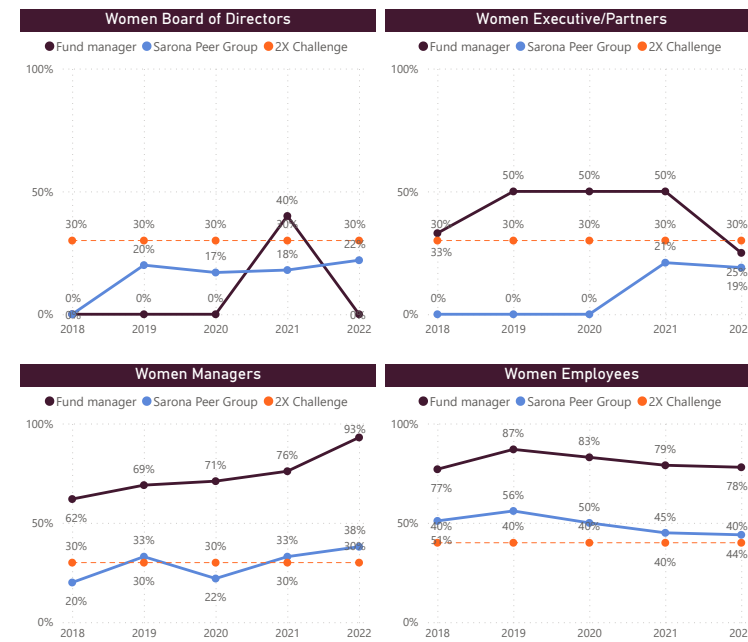


Figure 1. Sample image from a benchmarking report, illustrating the fund manager's historical performance against both the median peer group and the 2X global benchmarks. Data source: Sarona annual survey.



A genuine partnership sums up Archipelago's journey with Sarona. Starting a conversation on ESG can be a daunting endeavor in the emerging market. What Sarona has provided, from technical support to reporting framework and benchmarking, has enabled us to take necessary steps forward at a pace and manner that fit local circumstances. We also appreciated the continued and consistent engagement, which has not only steered our journey towards sustainable growth but also instilled a deep appreciation for ESG considerations at our firm and our portfolio companies."

Jeehee Moon

ESG Officer at Archipelago Capital Partners Pte. Ltd





2. Evaluation of ESG governance practices

As of 2023, most Fund Managers have implemented sustainable policies and systems for ESG management, provided training opportunities, engaged in ESG events, shared updates publicly, and promoted ESG improvements within their portfolios. These efforts reflect a growing acknowledgment of the importance of ESG considerations in the financial sector. Nonetheless, there are differences in the execution of specific practices, like the ESG whistleblower mechanism, the use of KPIs, and the formation of the DEI committee.

The takeaway: These differences highlight opportunities for further enhancement and standardisation in ESG practices among the surveyed Fund managers.

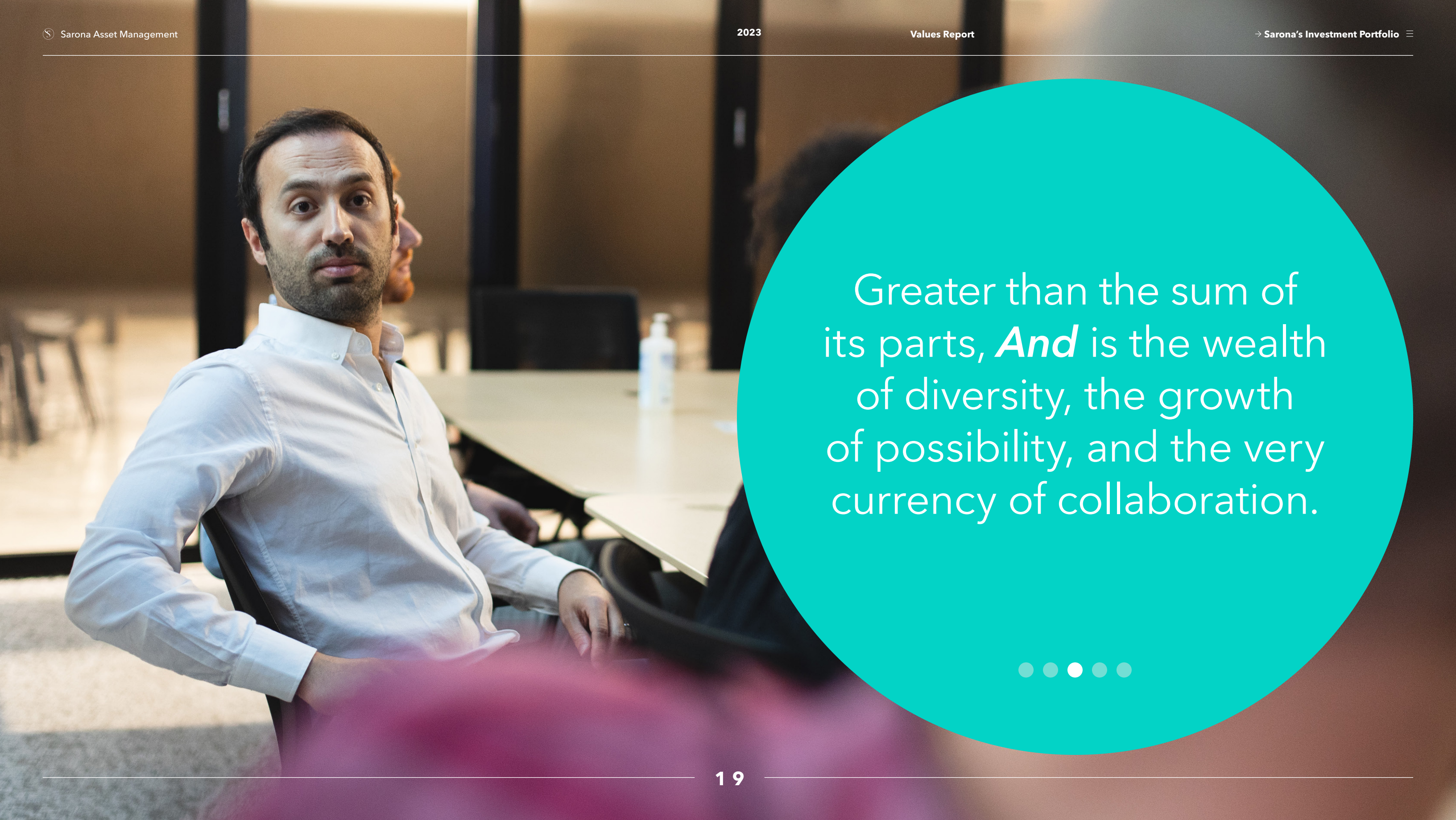
Real change takes time, and benchmarking is a concrete and measurable way to monitor it. Sarona's proactive approach to benchmarking elevates transparency and performance within the emerging market investment space and drives the broader objective of creating a sustainable impact in communities worldwide. ■

ESG Theme	Fund Manager	Peer Group, % of Total
1. Governance		
Formal ESG policies and systems	Yes	96%
Ensure ESG and Impact risks/opportunities addressed at board meetings	No	81%
Use of external parties to assist with impact	Yes	73%
KPIs for developing a more diverse team	No	62%
ESG & Impact whistleblower / grievance mechanism	Yes	46%
DEI Committee	No	31%
2. Portfolio management		
Promote ESG improvements at portfolio	Yes	92%
On the boards of portfolio companies	Yes	88%
KPI for ESG performance at portfolio	Yes	81%
Gender equality improvement at portfolio	No	77%

Figure 2. Sample image from a benchmarking report, illustrating the fund manager's performance against the peer group. Data source: Sarona annual survey.

SARONA'S INVESTMENT PORTFOLIO:

Growing our investee companies and
improving their impact: one on one with Oria



Greater than the sum of its parts, **And** is the wealth of diversity, the growth of possibility, and the very currency of collaboration.





Fostering Successful and Impactful Partnerships with our Fund Managers

Oria Capital, a private equity firm based in Brazil and one of our fund managers participating in the Sarona Global Growth Markets program, is committed to generating market-leading investment returns responsibly, while supporting its portfolio companies to address internal sustainability concerns and resolve the productivity gap of other businesses.

Like Sarona, Oria values trust and long-term relationships with its portfolio companies' management, enabling the discussion of ESG opportunities and risks. Many of their investees track gender equality and racial considerations, and some also focus on climate issues. They report annually on the companies implementing new processes and practices to enhance diversity, equity, and inclusion in the workplace, supply chain, and climate initiatives.

Oria encounters challenges when evaluating investment deals since most business-to-business (B2B) software companies in emerging markets have yet to implement any ESG strategy and impact measurement. When reaching advanced stages in the pipeline process, the investment team actively engages with the company to map and address critical sustainability concerns.

Oria recognises the immense benefits of embedding ESG standards and measuring and reporting impact. This process allows their investment professionals to address ESG issues early in the investment process, ensuring they are managed effectively post-acquisition. They also encourage portfolio companies to align their policies and operations with international good practices and principles, such as the UN Global Compact and the IFC Performance Standards. Appropriate ESG disclosure at exit can assure future investors and positively impact the value realised from investments. The data collected also helps Oria identify patterns and causes, enabling them to address concerns effectively and share their knowledge with their network.

Theory of Change for Impact

Oria's Theory of Change for Impact revolves around the idea that investments in technology can lead to improved productivity and reduced transactional costs for individuals and small and medium businesses (SMBs) while developing industry-leading companies that create quality jobs and address gender inequality.

The fund manager's impact monitoring system involves comprehensive annual questionnaires that provide a 360-degree view of each invested company based on selected Key Performance Indicators (KPIs). These KPIs are analysed and consolidated, and necessary changes are implemented, with the results reported to investors through the annual ESG Report.

Additionally, Oria produces an annual Values Report that showcases best practices and investment case overviews from its portfolio companies. This level of transparency and accountability is critical to meeting the impact of investment goals.



Successful Partnerships

The effect of Oria's approach to investing and partnership can be seen in the success stories of their portfolio companies. Pixeon helped hospitals and clinics to perform over 150+ million exams, Gupy helped more than 2 million people get a job through their platform, and EuReciclo provided compensation for +64,000 tons of recycled material.

On the financial side, Oria is proud to see its companies evolving and adding new competencies to larger foreign incumbents or leading the way as the undisputed regional leaders in LatAm, such as Zenvia. Transactions such as SoFi acquiring Technisys to improve their product underscore how much potential LatAm companies have to build products as good or even better than the ones from more established markets. Financial success also rewards our investors and reinforces Oria's mission to provide value through transformational investments in its core market.

Oria's partnership with Sarona Asset Management, which began in 2018, has been instrumental in their journey towards impact investment excellence. Sarona helped Oria improve its ESG monitoring

process and continues to be an integral part of its annual event, the Oria Summit. The partnership between these two organisations, each bringing unique assets to the table - the global prowess in impact investments from Sarona and Oria's local expertise - has resulted in better outcomes and performance for Oria's portfolio companies and Oria itself.



Oria's approach to ESG and impact management and partnership exemplifies the positive contribution investment firms can have on society and the environment when they combine financial objectives with social and environmental responsibility. We will strive to perfect our impact measurement and ESG practices further. We look forward to continuing working alongside Sarona and our other LPs to increase awareness and readiness for the best ESG practices not only with our portfolio companies but also with their clients, distributors, and suppliers."

**Barbara
A. Raymundo**

Partner,
ESG Officer



In 2024, Oria will update its Responsible Investment Policy, making it even more robust. The fund manager is committed to further enhancing its impact investment practices. Oria is B-Corp certified, making them the world's first enterprise-technology-focused private equity firm to achieve this distinction. This certification reinforces their dedication to creating both financial and societal value. ■

SARONA'S INVESTORS:

Public sector investors seek to scale impact through the potential of Blended Finance

Because true success cannot be achieved alone, *And* forges partnerships that truly compound the interests of our world.





All of Saronia Asset Management's **success in driving positive change** is closely linked to its investors, who share the firm's vision and values. The investors in Saronia's funds can be categorised into four key groups:

1. Institutional Investors:

These include foundations, pension funds, and endowments seeking to align their capital with their mission and values. Saronia offers them opportunities to generate financial returns while making a meaningful impact.

2. High Net Worth Individuals (HNWIs):

Saronia attracts socially conscious HNWIs who wish to diversify their portfolios with impact investments, recognising the potential for both financial returns and the fulfillment of personal values.

3. Development Finance Institutions (DFIs):

DFIs play a critical role in supporting Saronia's initiatives, providing capital and expertise to help scale up impactful investments in emerging markets.

4. Family Offices:

Some family offices prioritise impact investing as a way to preserve and grow family wealth while contributing to societal betterment. Saronia provides them with tailored solutions to meet their objectives.

From the Saronia Frontier Emerging Markets Fund 1 into the Family Legacy Funds and through the Saronia Global Growth Markets program, we have endeavoured to continue to improve and refine our approach to investor relations. Without regular communication, our investors lose sight of our mission and their original reason for investing with us. By reaching out, asking questions, and understanding concerns, we can address underlying issues while also planning for future growth. Understanding the symbiotic relationship between the firm and our investors is central to this aspiration. By investing with us, our investors indicate that they are aligned with our goals and mission and believe as we do when it comes to impact investing. While there are certainly areas we can build and improve upon, current aspects of Saronia's evolving IR program include quarterly reports and taxation documents, quarterly investor calls, our SGGM Impact Report and the Saronia Values Report. In addition, we remain readily available by email or phone for those who wish to discuss more in detail.



1. Transparent and Regular Communication:

While Saronia does its best to maintain consistent communication, we're always searching for better ways to inform our investors. We aim to provide clarity and insight into our operations through periodic updates and reports. Understanding that every investor is unique, Saronia is working towards refining its reporting system to cater to diverse needs. This commitment to transparency ensures that investors are well-informed and can make decisions with confidence.

2. Accessible IR Teams:

Though constantly learning, our IR team tries to bridge the gap between the firm and its investors. We value open dialogue and always appreciate the feedback that helps us serve our stakeholders better. By remaining accessible and receptive to feedback, Saronia strives to build strong, collaborative relationships with its investors.

3. Embracing Technology:

As the digital landscape evolves, Saronia seeks to integrate relevant technologies to facilitate more streamlined investor interactions and monitoring. We currently use systems such as Salesforce, PowerBI and a leading fund admin platform, and are starting to leverage AI in certain areas. Embracing technology can lead to more efficient communication, faster access to information and KPIs, and improved engagement with investors.

4. Feedback Mechanism:

Feedback is invaluable to us. While we've made some strides in incorporating investor suggestions, we acknowledge there's always more work to be done to make our feedback channels even more effective.

5. Educational Initiatives:

The investment realm is vast, and Saronia aspires to help its investors navigate it. We're developing resources to assist investors in understanding market intricacies, but there's always more to explore. By providing educational initiatives, Saronia aims to empower investors with knowledge, enabling them to make informed decisions and achieve their financial goals.

6. Ethical and Compliance Adherence:

Integrity is essential to us. Saronia continually evaluates its processes to meet the highest ethical and compliance standards. We are grateful for our investors' trust and take our commitment seriously. Adherence to ethical and compliance standards is a testament to Saronia's unwavering dedication to the well-being of its investors.

7. Learning from Crisis Management:

Challenges are inevitable, and Saronia remains committed to navigating them with transparency. While we've faced our share of trials, each offers a lesson in enhancing our crisis communication. Saronia remains committed to transparency during difficult times, ensuring that investors are informed and involved in decision-making.

At Saronia, we view our relationship with investors as a long-term journey. We're thankful for the patience and trust of our partners as we collectively aim for sustained growth. Through transparent communication, accessible IR teams, the integration of technology, proactive engagement, feedback mechanisms, educational initiatives, ethical compliance, and crisis management, Saronia strives to build and maintain strong, collaborative relationships with its investors. In doing so, Saronia fosters trust and empowers its investors to make informed decisions in the ever-evolving world of impact investing. We humbly recognise there's always room for growth. Through that growth, we value our investors' insights, patience, and collaboration and remain committed to enhancing our approach in this critical aspect of our operations. ■

SARONA'S INVESTORS:

Blended Finance



After all, the fruits
of our labour are always
sweeter when shared.





Impact investments have been increasing in recent years, and in 2022, they surpassed **the US\$ 1 trillion mark.**¹

¹ GIIN. 2022: Sizing the Impact Investing Market. <https://thegiin.org/assets/2022-Market%20Sizing%20Report-Final.pdf>

² PwC. Asset & Wealth Management Revolution: Embracing Exponential Change'. <https://www.pwc.com/ng/en/press-room/global-assets-under-management-set-to-rise.html>

³ Convergence, State of Blended Finance report. 2023 Edition.

⁴ International Energy Agency (IEA). 2021 report.

⁵ <https://investinginwomen.asia/wp-content/uploads/05/2023/GLI-lit-review-final-to-DFAT-050423-final-update-May-23.pdf>

⁶ <https://www.saronafund.com/the-2x-challenge-insights-from-saronas-portfolio/>

This still represents less than 1 percent of global assets under management.² At Sarona, we believe that we can only achieve the scale of capital flows needed to realize the Sustainable Development Goals (SDGs) by making impact investments available in every portfolio.³ Public, philanthropic and impact investors cannot close the gap alone. Innovative solutions are required to catalyse private institutional capital at scale to solve humanity's most pressing challenges.

Enter blended finance. Blended finance uses investment capital and grants from public or philanthropic sources to de-risk impactful investment opportunities and attract greater private-sector investment flows. Recent challenges, from the pandemic to geopolitical conflicts, inflation and rising interest rates, have set us back on the SDGs. In uncertain times, investors seek "flight to safety," and capital often shifts away from low and middle-income countries. Yet, allocating capital in these countries with impact intentionality is imperative to tackle the crucial challenges of climate change and the socio-economic disparities we face today. Blended finance helps address the heightened perceived and actual risks.

Sarona has created blended finance products for over ten years, partnering with public funders like Global Affairs Canada and Australia's Department of Foreign Affairs and Trade. As a private asset manager, Sarona connects with over 300 private investors, from high-net-worth individuals to institutional investors. Our knowledge of their

financial and impact aspirations has positioned us as a critical intermediary between them and public investors. Sarona has focused on a scalable approach, structuring blended finance pooled vehicles, which then deploy impact investing capital in local funds and companies in emerging markets. This amplifies our ability to help grow impactful companies in low and middle-income countries, translating to measurable social and economic benefits for the communities that utilize these businesses' products and services.

Sarona aims to further collaborate with public funders to direct more private capital towards climate finance and gender lens investing. Climate impact investments have been growing but pales in comparison with the capital needed to scale renewable energy and reach the goals of the Paris Agreement. The International Energy Agency estimates an annual gap of US\$ 5 trillion until 2030.⁴ This can only be closed with significant scaling of private flows to climate finance. Similarly, less than 2 percent of global impact investments have a stated gender lens.⁵ Our recent analysis reveals that women remain underrepresented in leadership and capital-allocating positions.⁶ Both gender lens and climate finance objectives must be pursued concurrently, as climate solutions often overlook their effects on women or exclude women as decision-makers. At the same time, women tend to be more adversely impacted by climate change due to entrenched gender norms and socio-economic disparity.



As the investment manager for the Australian Development Investments (ADI), Sarona is committed to being a part of the solution. ADI, an A\$ 250 million financing mechanism for the Australian Government, offers blended finance to financial intermediaries supporting small to medium enterprises in the Asia-Pacific region. Through ADI, Sarona minimizes investment risks using technical assistance and blended finance structures to attract private capital. All Sarona / ADI partners receive technical assistance to improve their ESG, gender lens and impact management and measurement approach.

Sarona's most recent investment under the ADI mandate is in the Southeast Asia Clean Energy Fund II (SEACEF II). SEACEF II aims to accelerate the low carbon transition in one of the most climate change affected regions in the world. The fund provides risk capital and technical assistance to early-stage clean-energy generation, energy efficiency, and electric mobility investments in the region. A significant number of public and private investors invested in the fund via a blended finance structure where impact investors, including ADI, provided junior equity capital demonstrating the powerful multiplier effect of this approach. ADI and Sarona will further

facilitate a technical assistance program for SEACEF II focused on advancing gender equity in climate sectors that traditionally have struggled with gender balance.

Cases like SEACEF II show that through collaboration we can unlock the immense potential of impact investments. But we must scale up our efforts, and we cannot do this alone. We need the patient capital of public funders, the courage of our investors to innovate and the expertise of our local partners to increase capacities on the ground. Sarona's mission and vision manifest in our unwavering commitment to collaborate with values-aligned partners to create scalable solutions that drive economic growth, heal our planet, and brighten our children's future. ■

→ Conclusion

As we move towards our goal of creating meaningful and sustainable impact through responsible, intentional investment, **we are committed** to a series of actions reflecting our dedication to gender equality, climate resilience and responsible financial practices.

Firstly, we will take a significant step towards promoting gender equality in the world of finance by launching a gender lens fund of funds in collaboration with 2X Global. By partnering with an organization so clearly aligned with our goals, we can truly begin to ensure an equitable future for all.

Additionally, our Shared Services offering is a pivotal innovation that will allow us to expand our reach and impact. We will collaborate closely with partner service providers, including fund administrators, auditors, legal counsel and blended finance donors interested in supporting fund managers in the impact investing space. This collaborative approach will enable us to support and nurture investments that align with our core values.

The Saron Shared Services model provides a unique opportunity for fund managers to significantly decrease their time to market as well as cost associated with running knowledgeable middle - and back-office services in house enabling impact fund managers to focus on fundraising, refining their investment strategies and due diligence processes.

Recognizing the urgency of addressing climate change, we are fully dedicated to scaling our efforts in this arena. We will expand the scope of our operations in the climate realm, ensuring that our investments contribute positively to mitigating climate-related risks and challenges. In line with this, we will actively seek partnerships to establish a climate facility offering. These partnerships will enable us to access resources and expertise that can drive significant progress toward a more sustainable and climate-resilient future.



Our commitment to responsible investing extends to our commercial investors as well. We will continue offering separately managed accounts that embed a climate and gender lens into our investment strategies, ensuring that our financial decisions reflect our values.

Lastly, we understand the importance of transparency and accountability in the current financial landscape. To this end, we will update our Theory of Change and Social and Environmental Management Systems (SEMS) to incorporate the Task Force on Climate-related Financial Disclosures (TCFD) recommendations into our investment decisions. This will not only enhance the quality of our investments, but also demonstrate our commitment to responsible and sustainable practices.

Our future endeavours are firmly rooted in our commitment to positively impacting gender equality, climate resilience and responsible finance. Through collaboration, innovation, and a dedication to our core values, we are poised to achieve even greater success in the years to come. Together, we can shape a brighter and more sustainable future for all. ■



→ Metrics

Number of Employees:

by Gender and Visible Minority—



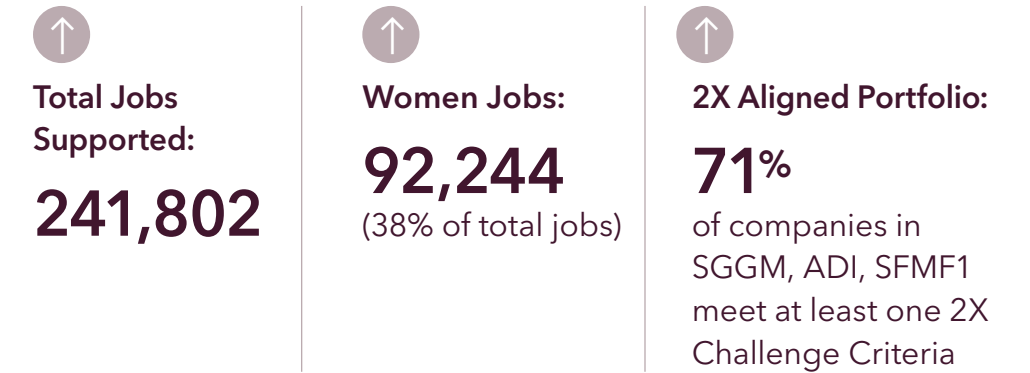
by Location—



Combined Years of Investment Experience:

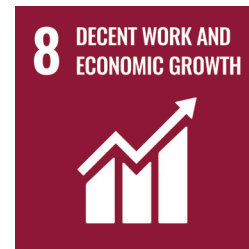
55+ | **On The Investment Team**

Aggregate Impact Stats:





Top SDGs We Address:



SDG8:

Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

→ Sarona prioritizes businesses combining inclusive employment with enhanced wages and benefits for women and underrepresented people. In 2022, a total of 241802 jobs were supported*, out of which 38% were occupied by women. The full-time wages paid during this period amounted to 1.22 billion USD, with a median salary of 990 USD per month per employee. Most companies have well-established HR policies and offer attractive employee benefits. ■



SDG5:

Achieve gender equality and empower all women and girls.

→ Sarona promotes gender equality by prioritizing investment capital to support women corporate leadership, women employment, products and services benefiting women. Sarona is 2X Global aligned, 89% of its Fund Managers and 71% of the underlying portfolio are 2X aligned. 54% of portfolio companies have a significant share (>30%) of women in senior management. ■



SDG13:

Take urgent action to combat climate change and its impacts.

→ Sarona invests in Climate-Focused businesses, with a total investment of 4.8 million USD. The invested funds support climate-themed businesses that actively work towards mitigating climate change. The impact of these investments* in 2022 includes treating 90,000 m³ of wastewater, 79,449 m³ of water have been saved through these initiatives. Furthermore, 374 tonnes of waste have been successfully recycled, a significant 710,797 tCO₂e of greenhouse gas emissions have been avoided. ■

→ Affiliations & Accreditations

Sarona is a signatory to the Operating Principles for Impact Management, the UNPRI, the ILPA Private Equity Principles and Diversity in Action Initiative, and the GIIN IRIS+. Sarona recently became a supporter of the 2X Global Challenge and is a supporter of the Task Force for Climate-Related Financial Disclosure (TCFD). Sarona is a member of CAFIID and of AVPN.

Sarona has been a Certified B Corp since 2011 and has been recognized as a “Best for the World” B Corp each year since 2017. Sarona is an original member (since 2010) of the GIIN Investors Council and was named as an IA50 Emeritus Manager in 2021. ■



Signatory to:



Operating Principles for Impact Management

Signatory of:



Principles for Responsible Investment



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