SARONA ASSET MANAGEMENT

Sarona Global Growth Markets Private Equity Program

2023 IMPACT REPORT

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About the cover photos:

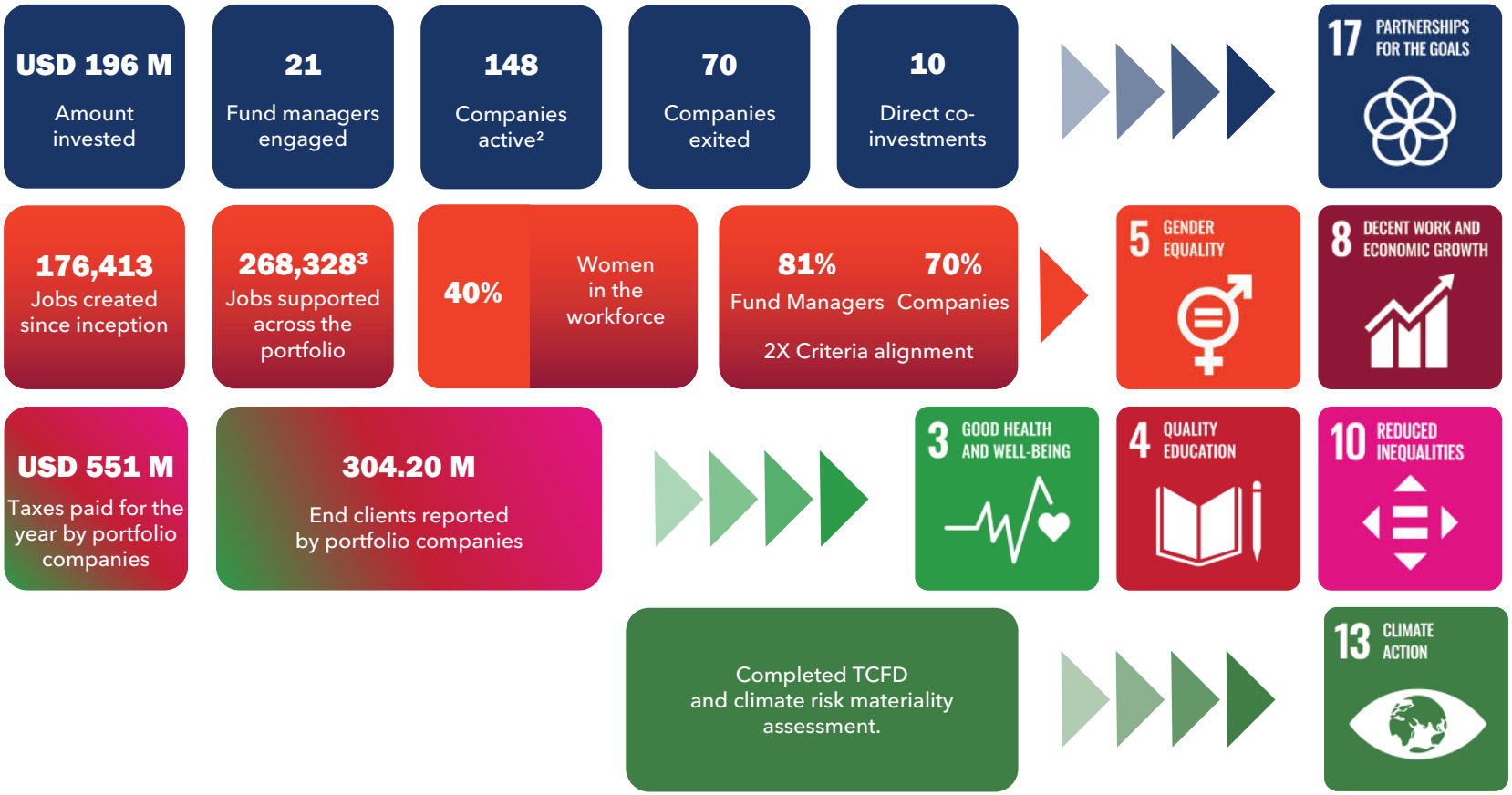
Graduates of Maxademy, an annual training program designed to unlock the full potential of MaxAB's employees and drive business growth. MaXAB is an investee of RBMV.

F88, a portfolio company of Mekong Capital, is a leading chain of secured lending in Vietnam.

Gupiers during the 30th T-day gathering. Gupy, an investee of Oria Capital, is the leading HR technology company in Brazil.

Impact Highlights 2023

Sarona Global Growth Markets Funds[1] 1 and 2 (SGGM Program) have invested in mid-market companies in partnership with local private equity firms across Asia, Africa, Latin America, and Europe. The SGGM Program is committed to delivering strong financial returns while advancing key impact themes–decent work, gender equality, and climate action. As an impact investor, Sarona aligns its investments with the Sustainable Development Goals (SDGs) and actively monitors contributions to relevant SDGs.



[1] The comparison for 2022 and 2023 is available at Annex SGGM ESG Summary.
[2] Total active companies exclude duplicate companies held across portfolio.
[3] The number of jobs supported includes those from exited companies.

Message from Sarona

This year's impact report highlights the steady and meaningful progress in advancing gender equality, climate action, and economic growth across Sarona's portfolio in emerging markets. It also introduces our new impact goals centered on climate action and gender equality. These milestones reflect our commitment to creating lasting positive change—building thriving businesses, empowering women, and addressing climate challenges while maintaining a strong focus on financial performance.

Sarona has set ambitious short-term targets for all its funds under management[4] to be achieved by 2025, closely tied to the impact performance of SGGM 1 and 2. Goals include increasing the percentage of fund managers publishing environmental, social, and governance (ESG) and impact reports to 70%, aligning 95% with the 2X Challenge, and ensuring women make up 25% of investment committees. We will continue to measure greenhouse gas (GHG) emissions annually, aiming for 66% of fund managers to integrate climate risk assessment into their operations.

As of the 2023 report, we are progressing towards these targets: 70% of SGGM fund managers are publishing reports, 81% are 2X Criteria aligned, women represent 7% of investment committees, and 34% of fund managers are measuring GHG emissions, and 43% have established climate-related KPIs. Moving forward, we remain committed to scaling our impact, refining our strategies, and deepening collaboration with fund managers, industry leaders, and investors to achieve both financial returns and inclusive, thriving communities on a healthy planet.

In 2023, the Sarona Global Growth Markets Private Equity Funds 1 and 2 (SGGM 1 and 2) continued delivering meaningful social and environmental outcomes through partnerships with 21 fund managers and their 148 underlying portfolio companies.

Decent Work and Job Creation are central to SGGM's mission, sustaining over 268,328 jobs, with 40% held by women, including jobs at the exited companies. Since its inception, the SGGM Program has created more than 173,000 new jobs across its portfolio. As of 2023, we fully exited 70 companies within SGGM, which have supported over 52,000 jobs.

This year, implementing the Joint Impact Model allowed Sarona to estimate indirect job creation exceeding 1 million, highlighting the significant socioeconomic benefits that the program's investments provide to communities.

Gender equality remains a core investment lens. Sarona proudly participates in the 2024-2027 2X Challenge, a coalition pledging USD 20 billion to advance women's economic empowerment. This initiative reaffirms our commitment to driving gender equity and creating opportunities for women in emerging markets. In 2023, 81% of SGGM fund managers met the 2X Criteria, consistent with 2022. While some fund managers became aligned this year after not meeting the criteria last year, others that were previously aligned are no longer compliant, resulting in no overall change in the percentage. For portfolio companies, 70% met the 2X Criteria in 2023, a slight increase from 69% the previous year.

In climate action, Sarona recognizes the urgency of addressing climate change and actively assists portfolio companies in integrating climate-conscious practices. In November 2023, we hosted a webinar on the Task Force on Climate-related Financial Disclosures (TCFD) to deepen our fund managers' understanding of climate risks and opportunities. We have also started measuring portfolio-wide GHG emissions, enabling us to identify emission hotspots and inform our portfolio management strategy. This groundwork positions us to set additional Net Zero targets by 2026.

[4] The targets are consolidated across all three funds under management: SGGM 1, SGGM 2, and Australian Development Investments.

About Sarona

The Sarona team during the Team Retreat in July 2024.

Our Team

One of our strategic goals at Sarona is to build an amazing and aligned team. We are proud of our diverse and talented group, with headquarters in Canada and investment and operational staff spread across Europe and Southeast Asia. Over the past year, we added five new hires to enhance our capabilities. Diversity and inclusion are core to our culture. As part of our commitment, 56% of our staff are women, 64% are visible minorities, and women hold 42% of management positions. This reflects our ongoing efforts to embrace diversity and foster an inclusive workplace that strengthens our global impact.

Sarona's Impact Intentionality

At Sarona, every investment decision aims to generate financial returns while intentionally creating social and environmental value. Our Impact measurement and management is guided by our Theory of Change and Social and Environmental Management System. We use indicators from IRIS+, UN SDGs, and 2X Criteria and adhere to the IFC Exclusion List, Principles for Responsible Investing, Operating Principles for Impact Management, ILPA Diversity in Action Framework, and TCFD. In 2023, we adopted the Joint Impact Model to estimate indirect job creation and measure portfolio greenhouse gas emissions.

As a certified B Corporation since 2011, Sarona's score of 149.4 places us in the top quartile of performers. We seek to lead by example and encourage our fund managers to adopt similar best governance practices.

SGGM Contributions

Decent Work and Job Creation

Promoting productive employment and ensuring decent work are vital for achieving inclusive economic growth and reducing poverty. Most of Sarona's portfolio companies are committed to advancing SDG 8: Decent Work and Economic Growth.

From 2017 to 2023, Sarona's portfolio companies drove growth in total jobs supported and new jobs created.[5] In 2023, SGGM portfolio companies collectively supported over 215,000 jobs, with an additional 47,600 jobs at companies that exited the portfolio. 40% of these jobs- totaling 80,560 in total were held by women, underscoring SGGM funds' commitment to gender inclusion.

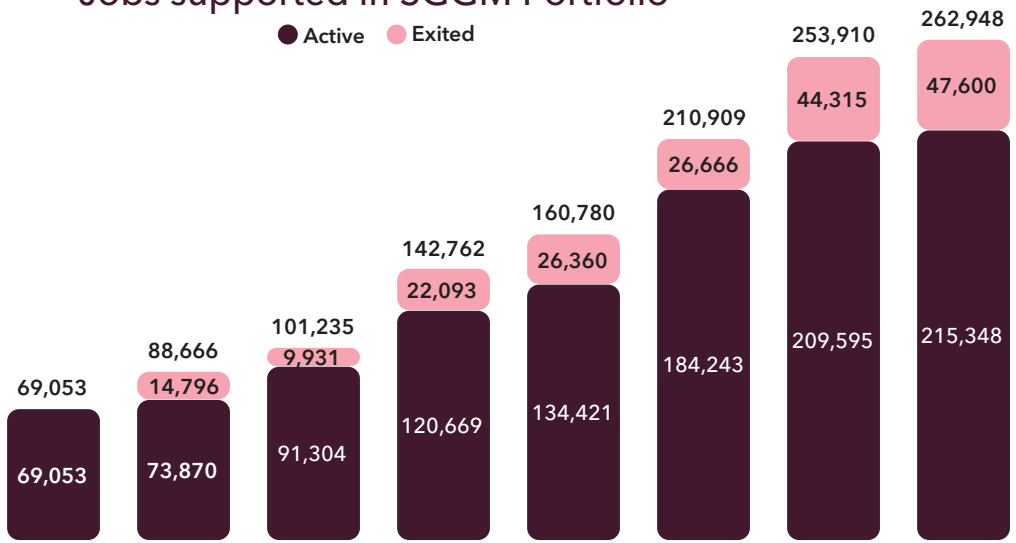
During the same period, the median employee count reached 571, marking a significant 22% increase from pre-COVID-19 levels (447 employees). This growth underscores the resilience of SGGM portfolio companies as they navigate economic challenges while recovering from the global pandemic.

The Consumer Finance sector, which includes banks, FinTech, insurance, and microfinance, was the top job creator, supporting 72,000 positions.

In terms of compensation, SGGM portfolio companies collectively paid USD 1.87 billion in full-time wages, with a median of USD 7.20 million per company. The median annual salary was USD 8,460 per employee, which exceeds the average annual GDP per capita in these markets, typically ranging between USD 2,500 and USD 6,500. These jobs offer higher pay due to the companies' presence in the tech and financial sectors, where higher education is often required, as well as their location in capital cities. These wages play a crucial role in stimulating local economies.

SGGM's impact extends beyond direct employment. For instance, portfolio companies in the Consumer Finance sector offer financial access to individuals, micro, small, and medium enterprises (MSMEs) in emerging markets. These MSMEs are vital to economies, accounting for up to 70% of jobs.[6] However, Sarona has previously been unable to quantify the indirect impact of these financial services and the broader SGGM portfolio on job creation.

Jobs supported in SGGM Portfolio



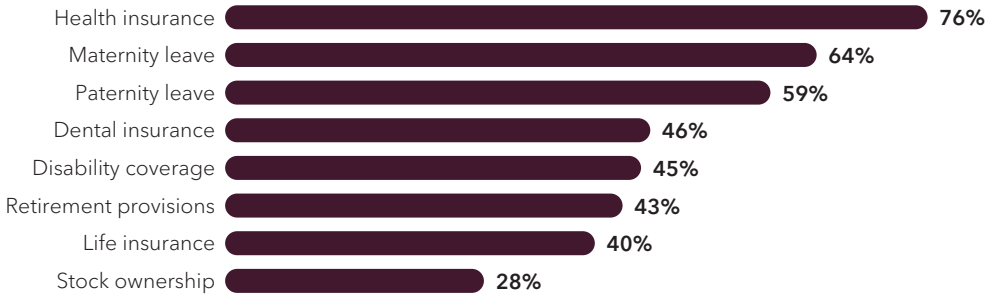
Note: The jobs supported refer to the overall number of employees working across portfolio companies as of December each year.

Employee Benefits

Employee benefits are essential for attracting and retaining talent, promoting well-being, and fostering a positive work environment. Similar to the previous year, the 128 surveyed portfolio companies continue to prioritize health-related benefits, work-life balance, and long-term financial security.

Portfolio companies have also reported expanding their leave benefits to include both maternity and paternity leave, acknowledging the shared responsibility of caregiving. Furthermore, many companies provide supplementary benefits such as childcare support, free meals, personal and professional development opportunities, housing allowances, and transportation assistance.

[5] This metric tracks the net employment growth in portfolio companies over a given period. New jobs are calculated by comparing the previous year's employment figures with the current reporting period, reflecting actual employment trends within the portfolio.
[6] https://documents1.worldbank.org/curated/en/873301627470308867/pdf/Micro-Small-and-Medium-Enterprises-Economic-Indicators-MSME-EI-Analysis-Note.pdf



Quantifying Indirect Job Creation

One of Sarona's key goals is to create and enhance employment opportunities that help improve people's livelihoods. Through investments in funds that support growth-oriented companies, Sarona helps sustain and create jobs. Beyond direct employment, portfolio companies indirectly contribute to job creation by transacting with other businesses, and when employees or suppliers' workers spend their earnings in the local economy.

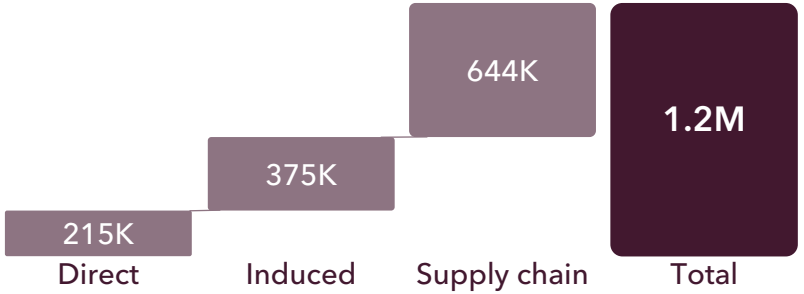
In 2023, Sarona applied the Joint Impact Model (JIM) for the first time to estimate the scope of indirect job creation. The JIM uses macroeconomic data and portfolio financials to estimate impacts where direct data is unavailable. While these estimates are derived from economic modeling and are not exact figures, they provide important insights into Sarona's overall employment impact.[7]

The JIM categorizes job creation into direct, induced, and supply chain jobs:

- **Direct Jobs** are those directly supported by SGGM active portfolio companies.
- **Induced Jobs** are created by the spending of direct jobs' employees, supporting industries such as retail, consumer goods, and housing.
- **Supply Chain Jobs** are those created by companies supplying goods and services to SGGM's portfolio companies' operations.

SGGM's total impact on employment, including both direct and indirect, is estimated at 1.22 million jobs.

Employment opportunities generated through investments across the value chain



Source: Joint Impact Model analysis based on Sarona portfolio data

[7] Results are reported at an aggregate level without attribution, meaning they do not account for SGGM's share of investment.

Decent Work Case Study: Aziza

Photo Credit: Mediterrania Capital Partners

Aziza, Tunisia's largest discount supermarket chain, has grown rapidly since its founding in 2014. Now operating over 530 stores and serving 1.7 million customers annually, the company plays a key role in both the retail sector and in promoting employment and gender equality.

With a workforce of 3,780 people, Aziza is committed to inclusive hiring practices. Women make up 40% of its workforce and hold 15% of management roles, while 33% of employees are under 25. Aziza ensures equal pay and career advancement opportunities, reinforcing its commitment to women's empowerment in the country.

The company also provides flexible part-time opportunities for students and stay-at-home mothers, empowering more than 1,500 women with financial independence. In 2023, Aziza increased its permanent contracts from 23% to 31%, which reduced staff turnover by 7%, now down to 36%. This focus on job security has strengthened employee loyalty and improved access to benefits like healthcare and retirement plans, positioning Aziza as a preferred employer in the region.

Aziza also invests in employee development. In 2023, it delivered 1,391 training sessions, enhancing skills, productivity, and career growth. The company's support extends to local economies, partnering with more than 50 farmers to reduce food waste and promote sustainable agriculture.

Since joining Mediterrania Capital Partners' portfolio in 2019, Aziza has demonstrated scalable growth while delivering a significant social impact. Its approach highlights how a commitment to decent work and inclusivity can drive both business success and positive community outcomes.

Community Benefits

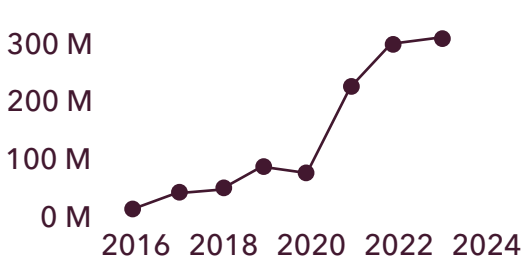
Taxes: Out of 128 reporting companies, 100 provided information on the taxes they paid to the government. Collectively, these companies contributed a total of USD 551 million in taxes, with a median payment of USD 2 million per company, an increase from USD 1.2 million in 2022. This demonstrates a significant contribution to government revenue and reflects the companies' growth.

In 2023, SGGM portfolio companies collectively served 304 million individual clients[8] and five million organizations, across Africa and Asia. Notably, seven companies specialize in providing products and services that disproportionately benefit women, all of them are in Africa/MENA. These companies, spanning retail, hygiene, education, and consumer goods, contribute to women's well-being by providing essential products and services

117 million clients are in the financial services sector, followed by 69 million in the technology sector. Additionally, there are 44 million clients in the consumer goods sector, 41 million in healthcare, 30 million in consumer staples, and three million in industrials.

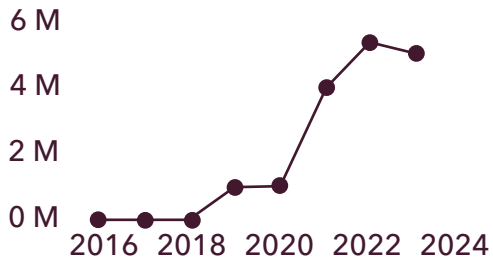
Estimated number of individual clients

304 M



Estimated number of organizations clients

5 M



[8] The reported number of clients for 2022 was 427 million. Upon review, two significant data errors from the previous year were identified and corrected, resulting in an adjusted, lower figure.

Access to Healthcare Case Study: Pharmacity

Photo Credit: Mekong Capital

Rising healthcare awareness, a growing middle class, and increasing disposable incomes are driving demand for quality medicines and healthcare supplies across Vietnam. Per capita pharmaceutical expenditure, which was USD 56 in 2017[9], is projected to increase to USD 163 by 2025. With Vietnam's population surpassing 100 million, this growth is accelerating the expansion of the pharmacy retail sector.

Founded in 2011, Pharmacity introduced Vietnam's first convenient pharmacy model. Unlike traditional pharmacies, Pharmacity sources its products directly from authorized distributors and manufacturers, ensuring high-quality, authentic medicines at the best value for its customers. The pharmacy offers a broad selection of prescription and non-prescription drugs, health and beauty care products, oriental medicine, functional foods, and supplements. Its medicine inventory covers 24 different disease groups, offering comprehensive healthcare solutions.

Pharmacity offers a convenient shopping experience through its more than 900 stores nationwide, supported by nearly 4,000 trained pharmacists. The chain employs nearly 5,000 people, 65% of whom are women, across various roles, including pharmacists, cashiers, stockers, and merchandizers.

With its "Medicine First" strategy, Pharmacity serves over 15 million customers annually and aims to open 100 new stores next year, increasing accessibility for 50% of the population within a 10-minute drive. As an omni-channel drugstore chain, Pharmacy offers a seamless order and payment process. The company also provides two-hour delivery for online orders in urban areas.

[9] KPMG (2020) Value of Innovation: Unlocking the Potential of the Innovative Pharmaceutical Industry in Vietnam

Financial Inclusion

Financial inclusion is a powerful enabler. It ensures that individuals and businesses have access to useful and affordable financial products that meet their needs, significantly impacting their well-being.

Our financial and fintech portfolio includes a diverse range of financial service providers, spanning from traditional banks to cutting-edge fintech companies. Collectively, these institutions serve over 130 million clients globally, providing essential services that drive financial inclusion and economic growth in underserved markets.

Our investments help underserved consumers manage financial challenges and build assets. These services act as both safety nets and pathways to economic empowerment.

Financial inclusion is key to reducing poverty by enabling access to health, education, and business investments, with strong opportunities in Africa, Latin America, and Asia.

Access to High Quality Education

Economies thrive when their populations are well-educated and healthy—two essential pillars of inclusive growth. Beyond their intrinsic value, education and health empower individuals to unlock their full potential, contributing meaningfully to society. A well-developed human capital base—encompassing knowledge, skills, and health—results in higher individual earnings, greater social mobility, and fosters faster, more sustainable economic growth for nations.

SGGM investments into education span multiple countries and have had a significant impact on over 67,000 students globally. The fund has actively supported educational institutions across various geographies.

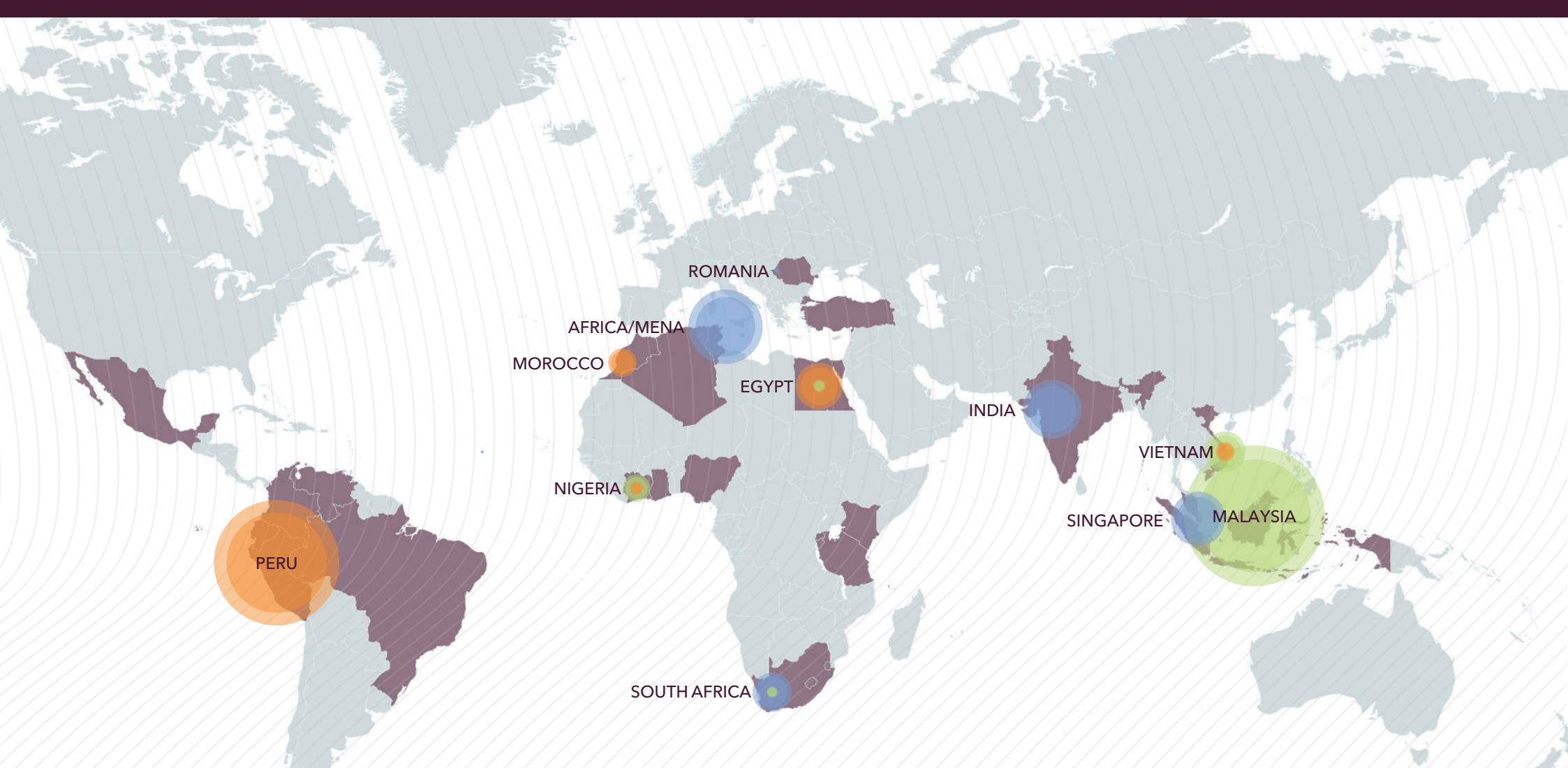
Access to Healthcare

SGGM healthcare investments from hospitals and pharmaceutical companies to preventive medicine and laboratory services have made a considerable impact across various countries, improving healthcare services for over 42 million individuals in emerging markets.

Annex D provides breakdown of number of clients in the sectors of inclusive finance, education, and healthcare services.

Students of Yola English Center in Vietnam.

A client of Akdital Group, a leading private healthcare provider in Morocco.



Top 5 financial services clients

Country	Clients
Africa/MENA	40M
India	31.6M
Singapore	29.2M
South Africa	21.2M
Romania	3M

Jobs supported in the financial services: 90,413, 42% women

Top 5 healthcare clients

Country	Clients
Malaysia	25M
Vietnam	7.2M
Nigeria	4.9M
Egypt	2.1M
South Africa	1.9M

Jobs supported in the healthcare: 24,930, 50% women

Top 5 education clients

Country	Students
Peru	35K
Egypt	13K
Morocco	8K
Vietnam	5.2K
Nigeria	3.5K

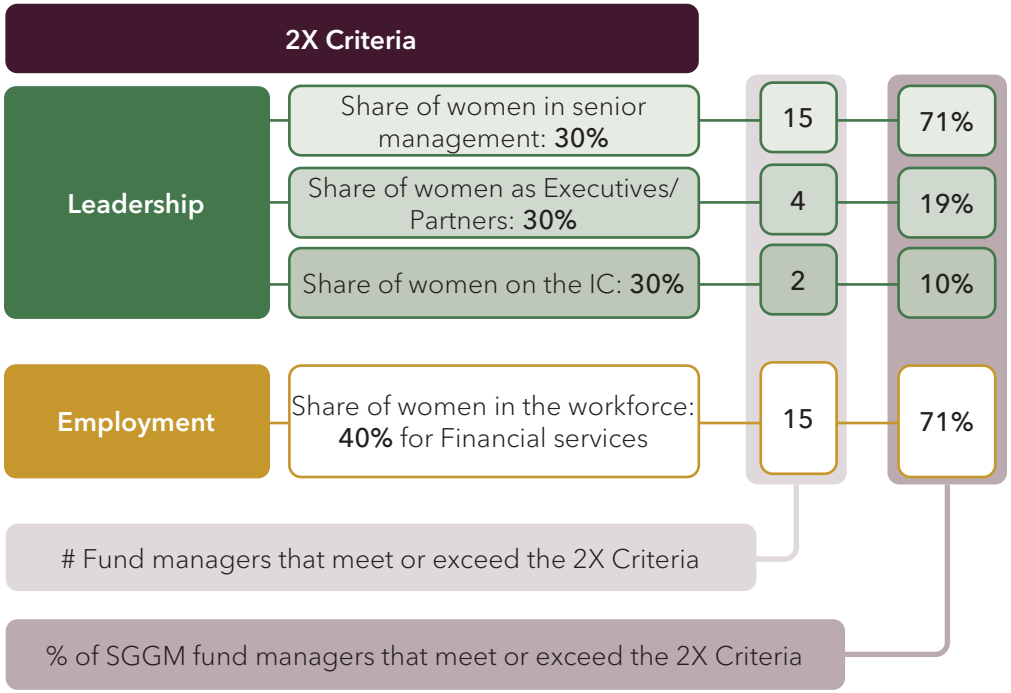
Jobs supported in education: 8,721, 50% women

Gender Equality

Sarona demonstrates a strong commitment to gender equality and women's economic empowerment through its alignment with the 2X Challenge Criteria.

SGGM Program is 2X Challenge Criteria aligned, as 81% of its Fund Managers or 17 out of 21 surveyed funds meet the criteria. 70% of the underlying portfolio, or 90 out of 128 companies, is 2X aligned.[10]

2X alignment of SGGM Fund Managers



Two fund managers which were not aligned with the 2X Challenge Criteria last year became aligned this year, while two others are currently non-aligned due to fund restructuring and winding down.

Among the 2X Criteria, Sarona closely examines women's representation on Investment Committees (ICs), acknowledging their critical role in decision-making and their potential to direct capital toward closing gender gaps. The 10% share of women on the ICs at SGGM funds reflects the broader challenges faced in private equity and other financial sectors. Globally, only 9% of IC members are women, while women hold 23% of all investing roles at Private Equity (PE) firms. At the managing director level, this figure drops to around 12%. This disparity underscores the slow progress in achieving gender diversity at the highest decision-making levels and highlights the urgent need to enhance diversity in ICs. Strategies to achieve this include implementing diverse recruitment practices, addressing unconscious biases in decision-making processes, and setting clear diversity targets.

Sarona assessed its funds using the 2X Criteria version 2.1 and the financial services benchmark, noting that country-specific thresholds in the 2024 version may not be relevant due to the fund's diverse teams and global operations. Compliance with Basic ESG and Governance & Accountability standards was also evaluated.

As of 2023, nine out of 21 SGGM fund managers are in the process of obtaining membership or have a formal affiliation with 2X Global.

[10] The data for SGGM fund managers and portfolio companies is shown as a median. Industry benchmark refers to the 2X Criteria.

Gender Equality and Diversity Case study: Verod Capital Partners

Verod and Sarona team at the 2X summit in Nairobi, Sep. 2024

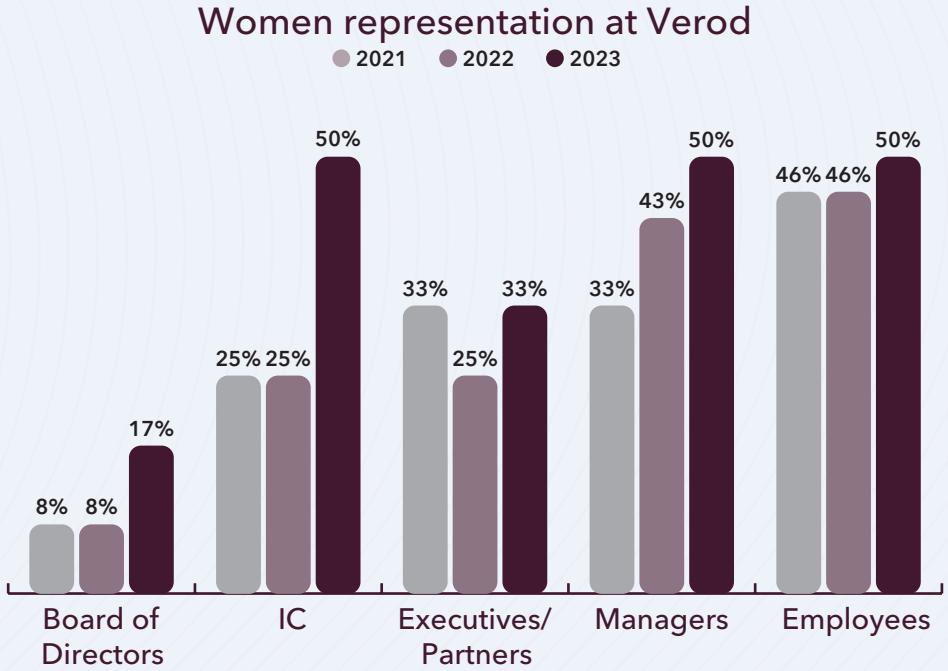
In 2023, Verod, a West Africa-focused firm with USD 200 million AUM, became the first private equity fund to earn 2X Certification and was recognized as Best in Class. This milestone highlights Verod's commitment to impact investing, with a focus on advancing gender-lens investing and promoting inclusive growth across sectors such as healthcare, education, consumer goods, financials, and energy by increasing women's participation in leadership and ownership roles.

Women's Representation at Verod

Over the past three years, Verod has made significant progress in gender representation. By 2023, the firm achieved gender parity (50%) in its Investment Committee and management roles, with improvements across other areas. This demonstrates a strong commitment to fostering an inclusive and diverse workplace.

> *"At Verod, gender-smart investing is about creating real, lasting change. Gender equality strengthens our investments, drives innovation, and builds resilient, inclusive businesses. By committing to the 2X Certification, we are helping shape the future of gender inclusion wherever we operate"*

Nieros Oyegun Soerensen
Partner and COO, Verod Capital Partners



Women's Representation in Portfolio Companies

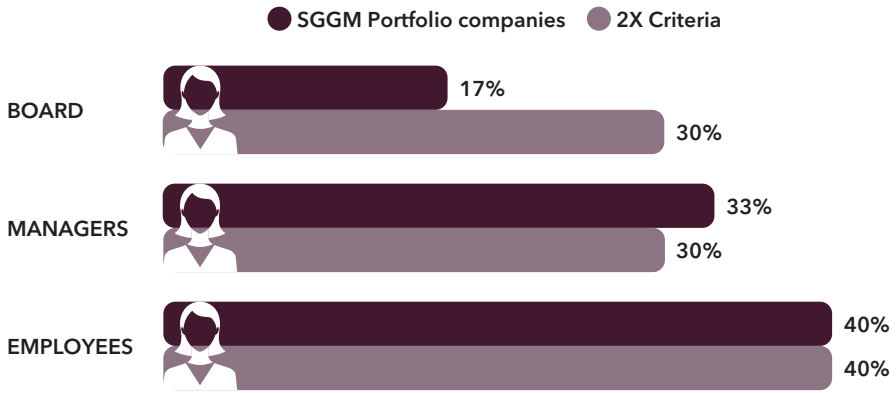
Verod actively integrates the 2X Criteria into its investment process and portfolio monitoring, setting clear goals to enhance female representation. The firm remains focused on promoting equal opportunities and gender pay equity across its investments.

Based on employment indicators, all four portfolio companies Sarona has invested in meet the 2X Criteria. While women hold a median of 30% of board seats. Women represent a median of 46% of the workforce and 37% in management, though representation varies across companies.

2X alignment of SGGM Portfolio Companies

For the portfolio companies, the updated 2X Criteria was utilized. Their compliance with 2X ESG standards (including safeguarding) and minimum Governance & Accountability requirements was reviewed, along with the fulfillment of at least one of the six 2X Criteria. Country- and sector-specific thresholds were applied in the assessment.

Women representation at SGGM Portfolio companies



2X ESG: Funds screen deals against exclusion lists from the International Finance Corporation and the European Development Finance Institutions, ensuring none are involved in prohibited activities.

Governance and Accountability: SGGM Funds incorporate gender targets within their companies' Environment and Social Action Plan or Value Creation Plan.

All companies align with Governance and Accountability standards and have action plans to promote gender equity. They regularly collect and analyze gender-related data. Companies' management systems often incorporate core gender policies as required by labour laws. Details are as follows:

- **Compliance:** In 2023, all reporting companies (100%) reported complying with applicable labor, tax, and environmental regulations, demonstrating their commitment to responsible business operations.
- **Child Protection Policy, including No Child Labor Policy:** Of the 138 companies surveyed, 79% have adopted a child protection policy to prevent child labor, marking a 4% increase from the previous year. Half of these companies have implemented standard procedures and appointed staff to monitor and enforce the policy. Adoption rates are particularly high in Africa (96%), followed by Asia (84%) and Latin America (73%).
- **Prevention of Sexual and Gender-Based Violence Policy:** 71% of surveyed companies have implemented policies and processes to prevent sexual and gender-based violence, compared to 57% in the previous year. M ore companies have reported measures aimed at creating a safe working environment for their workforce. This trend is encouraging. Africa leads with 87% of companies adopting these policies, followed by Latin America at 82%, and Asia at 55%.

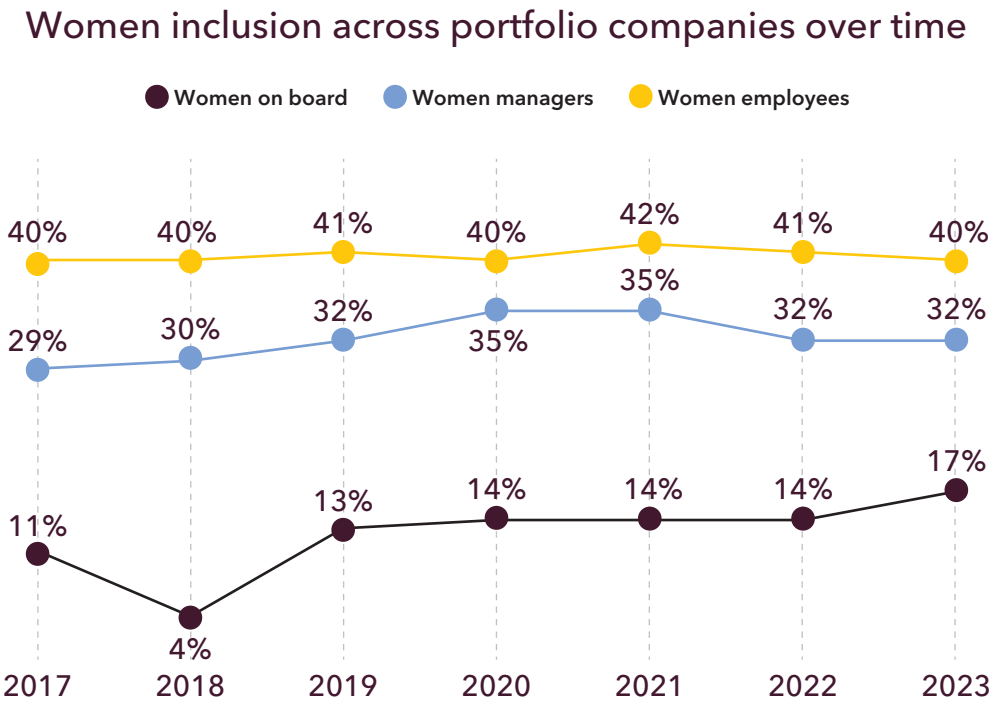
2X Criteria: Most portfolio companies align with the 2X Challenge, as their percentage of women employees meets or exceeds the required threshold. However, representation of women on boards and in management often falls short of the 2X benchmark of 30%. Specifically, SGGM portfolio companies report just 17% of board members as women, significantly below the benchmark, while exceeding it for women in management at 33% and for women employees at 40%.

Gender Inclusion Patterns at the Sarona Portfolio Level

From 2018 to 2023, Sarona analyzed changes in women's representation as both employees and decision-makers across SGGM portfolio companies. While there has been incremental progress in advancing gender equality, particularly among female employees and management, a significant gap remains at the board level. Women's representation on boards, although improved, still falls short of the 2X Criteria benchmark of 30% and is low compared to other inclusion categories. Globally, women hold just under 20% of board positions, underscoring the persistent challenges in achieving gender equity at the leadership level.

There is a strong correlation between women in top leadership roles and board diversity. Companies with women chief executive officers (CEOs) or chairs tend to have more balanced boards, with 33.5% of board members being women in firms led by women, compared to 19.4% in those run by men. This suggests that increasing the representation of women in management and top leadership positions can positively impact board diversity. Moreover, in the financial services sector, women leaders create a "multiplier effect," where adding one woman to the C-suite often leads to three women advancing to senior management[11] roles.

Sarona and its stakeholders are beginning to see results from their focus on gender equality, but significant work remains to achieve a substantial balance across all organizational levels, particularly in senior leadership. Companies must intensify their efforts to address gender biases in recruitment and retention, ensure safe and inclusive workplace, and implement mentorship and sponsorship programs to advance women into leadership roles.



[11] Women in the boardroom, Deloitte Insights

Climate Action

Sarona is actively enhancing its climate practices to tackle the urgent challenge of climate change. Over the past year, we have made significant strides in advancing our climate commitments, including:

- Completed our first TCFD and climate risk materiality assessment.
- Updated Sarona's Climate Policy to incorporate ISSB disclosures.
- Implemented the Joint Impact Model for GHG estimation across our portfolio and established a baseline.
- Supported fund managers on their TCFD and climate disclosure journey through two specialized webinars.
- In our pursuit of TCFD alignment, Sarona underwent a thorough comparison of its investment management system with TCFD guidance, revealing varying degrees of alignment across governance, strategy, risk management, and metrics and targets. Several recommendations for improvement were identified, prompting Sarona to update its internal policies and processes. Climate considerations will be incorporated into risk management systems, with targets set for greenhouse gas emissions.

Supporting Fund Managers on Their Climate Disclosure Journey

Sarona, in collaboration with OnePointFive, recently held a series of webinars aimed at equipping fund managers with the knowledge and tools to effectively manage and report on climate impacts. These sessions provided a comprehensive overview of the latest developments in climate-related standards and regulations, emphasizing the increasing financial risks and opportunities associated with climate change.

The discussions underscored the importance of establishing clear climate strategies, setting measurable targets, and identifying key metrics for tracking progress. Fund managers were introduced to practical tools like carbon footprint analysis and techniques for identifying emission hotspots, providing them with actionable steps to assess and reduce environmental impact while improving corporate sustainability reporting.

> "The s*ession was very clear and helpful. It was presented in a succinct and understandable way, making a potentially complex topic feel relatable. It was one of the best TCFD sessions I have attended in a long time. Mapping climate risks per sector or business type was insightful and including a simple financed emission example would provide better financial impact visualisation, making it even more relatable to the audience.*"—says one of the Sarona Fund Managers in an anonymous feedback survey

Tracking and Reporting GHG Emissions

Tracking greenhouse gas (GHG) emissions is viewed as a best practice in the financial industry, with fund managers aiming to monitor and understand their firm-level carbon footprint. In 2023, 36% of fund managers actively tracked their GHG emissions at the general partner (GP) level, a rise from 21% in 2022.

Similarly, monitoring GHG emissions across portfolio companies is becoming more common. In 2023, 55% of fund managers tracked portfolio emissions, an increase from 26% in 2022.

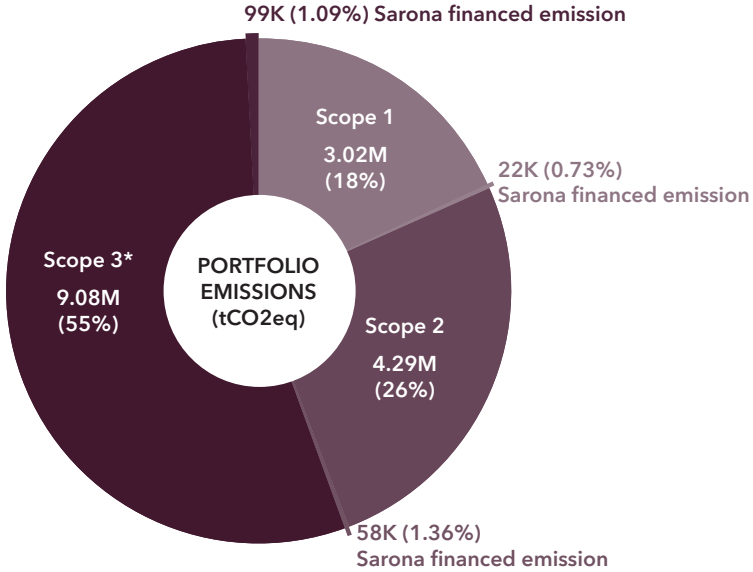
Joint Impact Model

The Joint Impact Model (JIM) is a tool designed to estimate financial flows and their economic, social, and environmental impacts. It enhances the capability of financial institutions to measure and report contributions to the Paris Agreement and the UN Sustainable Development Goals (SDGs). The JIM fosters comparability, accountability, and transparency by consistently measuring key impact indicators.

For Sarona, adopting the Joint Impact Model is a step toward effective sustainability management. JIM addresses critical challenges of calculating greenhouse gas (GHG) emissions, specifically Scope 3 emissions, which constitute the majority of Sarona's carbon footprint. With improved accuracy of GHG emissions data across Sarona's diverse investment portfolio, Sarona can better align with global sustainability standards. The GHG emissions data also offers insights for Sarona and fund managers to understand and manage the carbon footprint of their investments.

GHG Emissions Hotspots

Sarona conducted a GHG emission[12] hotspot analysis of the SGGM portfolio using the Joint Impact Model, covering 128 companies. The total Scope 1, 2, and 3 emissions from these companies in 2023 amounted to 16 million tonnes of CO2 equivalent. Given Sarona's average ownership stake of 1-2% in these companies, the portion of emissions attributed to Sarona's financed emissions is 179K tonnes of CO2 equivalent. This figure reflects Sarona's proportional responsibility for the environmental impact of the portfolio companies.



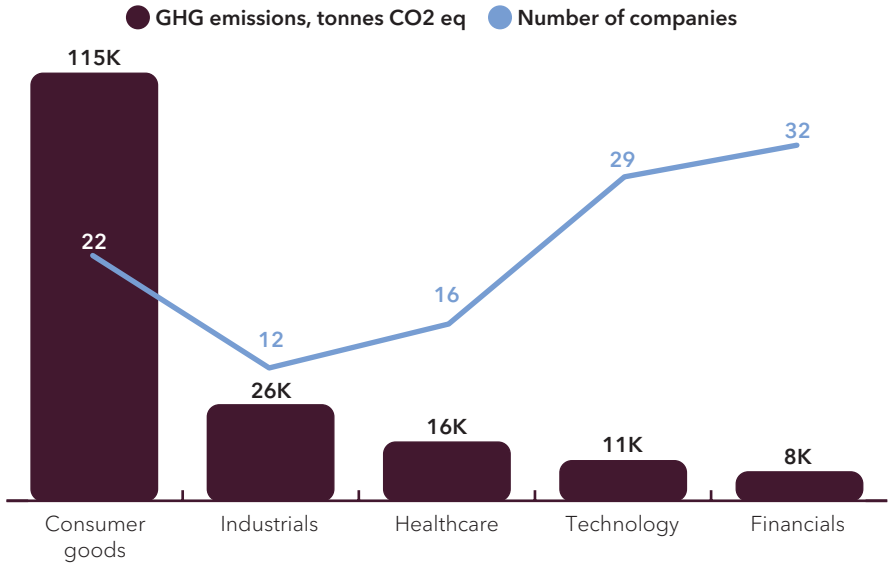
The average car emits around 4.6 metric tons of CO2 per year, 179,226 metric tons of CO2 attributed to Sarona financed emissions would be equivalent to the emissions of approximately 38,965 cars per year.

[12] The GHG emissions equivalent is estimated using a GHG Equivalencies Calculator. https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results

The GHG emissions hotspot analysis revealed that:

- The Scope 3 greenhouse gas (GHG) emissions in the consumer goods sector are primarily influenced by the entire value chain, including production, processing, logistics, and the end-use and disposal of products. Within the SGGM portfolio, three of the top five emitters come from the consumer goods sector, collectively accounting for 59% of total emissions.
- A B2B e-commerce business contributes an estimated 44% of Sarona's overall carbon footprint, driven by its substantial revenues (USD 741 million) and 4.2% SGGM Program exposure. Other significant emitters in this sector include a clothing company and a food company.
- A healthcare company and an industrial firm specializing in petrochemical project development services are also among the top five emitters in the SGGM portfolio.
- The majority of SGGM Program's exposure is below 10% and their estimated emission is at low level (<50K tons CO2).

Top 5 sectors by GHG Emissions in Portfolio, attributed to Sarona Investment



Climate Action Case Study: Premier Energies

An inline infrared and warm air-drying furnace is utilized for efficient drying of wafers.

India ranks fifth globally in terms of installed power capacity, with 73 gigawatts (GW) dedicated to solar energy. Since its founding in 1995, Premier Energies has emerged as a major player in India's renewable energy landscape, specializing in the production of solar cells and modules.

As of June 2024, the company has an annual production capacity of 2 GW for solar cells and 4.13 GW for solar modules, which is 8 % of the total solar installed capacity. This significant production contributes to India's climate goals, as outlined in the COP26 agreements. The solar products produced by Premier Energies are estimated to displace over 3.5 million metric tons of carbon dioxide annually—equivalent to removing more than 830,000 gasoline-powered cars from the road each year.

Environmental Responsibility

The company maximizes solar energy capture across India's sunniest regions with ground-mounted solar panels and hybrid systems. Premier Energies has incorporated industrial-grade robots and advanced software into its manufacturing process to optimize resource usage and operations. The company also generates 6.61 MW of renewable energy for internal use contributing to 10 % of energy requirement of the facility. This could reduce Scope 2 emissions by about 4,158 tCO2 per annum. Additionally, Premier Energies implements a zero-liquid discharge system, recycling 100% of the water used in manufacturing, with 91% being recovered for reuse.

Governance and Growth

GEF Capital Partners' South Asia Growth Fund II (SAGF II) has supported Premier Energies since 2021, helping the company incorporate sustainability into its core growth strategy. Premier Energies maintains strong governance through adherence to international standards and strict ESG compliance. With a workforce of 1,126, including 121 women, Premier Energies is taking active steps to address the underrepresentation of women within the company. Recognized for its strong workplace culture, the company has earned the "Great Place to Work" certification for three consecutive years, standing out as one of the top employers in energy, oil, and gas industry in India.

> *"GEF's engagement with Premier Energies has helped us incorporate sustainability as a fundamental pillar of our growth strategy while also maximizing long-term economic benefits. Apart from being entirely environmentally focused, it is also our objective to make clean energy accessible to all, culminating our thoughts and efforts of being a responsible organization."*

Mr. Chiranjeev Saluja

Managing Director, Premier Energies Limited

In August 2024, Premier Energies made a remarkable debut on the Indian stock market, achieving ~75x oversubscription and setting a record for Qualified Institutional Buyer (QIB) demand in the Indian capital market. Premier Energies' market capitalization stands around USD 4.5 billion, marking ~30x returns to the Fund's investment. This debut solidifies Premier Energies' position as a frontrunner in India's renewable energy sector.[13]

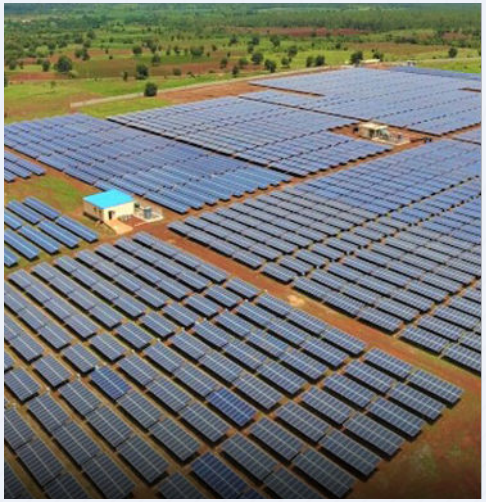


Photo credit: Premier Energies

[13] Based on GEF's deal team, and the fillings with Indian securities regulator, SEBI.

Sarona TCFD Climate Risk Assessment

In 2023, Sarona conducted its first TCFD Climate Risk Assessment, identifying significant physical and transition climate risks impacting portfolio companies in three countries with the highest concentration in Sarona's portfolio: Vietnam, India, and Brazil. These countries face distinct climate-related challenges that impact Sarona's portfolio companies. Physical risks such as flooding, droughts, heat stress, and hurricanes threaten infrastructure, supply chains, and economic output. Transition risks arise from regulatory changes and the need to shift away from fossil fuels, necessitating adaptation strategies to ensure resilience. This assessment underscores the importance for investors to evaluate the exposure of their portfolio companies to these risks and support financing for climate adaptation and decarbonization strategies across various sectors.

The table below provides a detailed summary of the risks, projected impacts, and recommended actions for each country, including sector-specific strategies for mitigating both physical and transition risks.

	Vietnam	India	Brazil
Sarona Portfolio Representation[14]	14.9 M USD, 11% of all portfolio companies	24.34 M USD, 13% of all portfolio companies	16.96 M USD 7% of all portfolio companies
Top Physical Risks	Flooding Hurricanes and Typhoons Heat Stress	Flooding Tropical Cyclones Heat Stress	Drought Flooding Landslides
Projected Impacts of Physical Risks	◆ Low-lying coastline and river delta regions face flooding, hurricanes and typhoons, threatening millions in lost GDP in Mekong and Red River deltas ◆ Projected losses from infrastructure damage and supply chain disruptions	◆ 7,500+ km coastline faces flooding and cyclones, with coastal cities (e.g., Mumbai, Chennai, Kochi) under threat ◆ Heat stress risks to agriculture, impacting food security for 1.4 billion people	◆ 7,400+ km coastline faces flooding, threatening millions in GDP losses from infrastructure damage and supply chain disruptions ◆ Drought and landslides increase food insecurity and vulnerability to flooding
Spotlight on Transition Risks	Developing a domestic Emissions Trading Scheme (ETS), as per the Law on Environmental Protection, to be implemented by 2025	High risk of future climate litigation due to administrative, public participation, and adaptation strategies exacerbated by extreme events	Climate change preparedness depends on administration, influenced by politics and business interests in mining and deforestation
Recommendations	◆ GPs to assess exposure and physical asset integrity to flooding, hurricanes, and typhoons ◆ Support financing for adaptation and decarbonisation in energy, transport, agriculture, industrial sectors, coastal areas, and Mekong Delta	◆ GPs to assess risk of increasing severity of flooding and heat stress ◆ Invest in future adaptation and resiliency capacity, particularly underserved in India	◆ GPs to assess exposure and physical asset integrity to flooding and drought ◆ Invest in agricultural resiliency solutions, leveraging funding from Brazil's development bank (BNDES) to finance renewable projects

[14] Sarona invested amount at inception.

Looking Ahead

As we move into 2024, our goal is to provide stakeholders with a clear understanding of our environmental, social, and governance (ESG) impacts while identifying areas for improvement. To prepare for the 2024 audits, we are enhancing our sustainability reporting by undertaking a comprehensive review of our business strategy, governance structure, performance metrics, targets, and climate-related risk management processes.

In line with our commitment to gender equality, we will use data-driven insights to highlight and address gender gaps within our portfolio. Our benchmarking reports will include a standard call to action, particularly aimed at improving women's representation in leadership and decision-making roles. Additionally, Sarona's participation in the 2X Challenge for 2024-2027 emphasizes our leadership in the industry and our continued dedication to allocating capital with a gender lens.

By 2025, we plan to refine our risk management practices to better address climate risks, identify emerging threats, and strengthen our mitigation and resilience strategies. Climate-related disclosures and environmental sustainability will be key focal points in our annual ESG and Impact surveys and benchmarking reports. We also plan to include our GHG emission analysis in benchmark reports and actively engage with fund managers and their portfolio companies to better understand their environmental impact and sustainability initiatives. While progress is steady, the journey remains ongoing. Each step forward—whether it is advancing women's representation or guiding fund managers on climate disclosures—demonstrates the power of consistent, intentional action. The gains in job creation, gender equity, and climate-conscious practices reinforce that impactful change is gradual and requires ongoing effort.

As we look to the future, we will continue working closely with our fund managers to achieve key impact goals, including expanding community benefits, fostering responsible business practices, increasing investments that meet 2X Challenge Criteria, and advancing climate action initiatives.

Annex

Annex A. Impact Highlights 2023 by Fund

2023	SGGM 1	SGGM 2
Amount invested, USD	132.88 M	63.64 M
Number of Fund managers[15]	15	9
Companies active[16]	76	72
Companies exited	63	7
Direct co-investments	4	6
Jobs supported across the portfolio including exited companies	139,184	129,144
Women in the workforce	41%	40%
Jobs created since inception	73,243	103,170
End clients reported by portfolio companies	136.31 M	214.75 MM
% 2X Criteria alignment	75%	66%

[15] Several fund managers are investees of SGGM 1 and 2.
[16] Total active companies exclude duplicate companies held across portfolio.

Annex B. Impact Highlights 2023 by Region[17]

	North Africa/MENA	Sub-Saharan Africa	Asia	Europe	Latin America
Amount of invested capital ($)	38 M	26 M	63 M	11 M	58 M
Number of active portfolio companies	20	30	51	13	34
Number of exited companies[18]	20	8	24	2	16
Number of jobs supported at active companies	70,946	48,490	68,517	4,844	22,551
% women full-time employees	30%	44%	38%	39%	45%
% of 2X Challenge-aligned companies	50%	89%	66%	67%	74%
End clients	46.78 M	18.72 M	198.06 M	3.97 M	36.68 M

[17] The data includes only active companies in the portfolio.
[18] Exited companies include both exited and written off.

Annex C. SGGM ESG Summary (2021-2023)

Social	2023	2022	2021
Jobs supported	215,348	229K	208K
Jobs created	13.8K	54K	40K
Women Jobs supported	80.56K[19]	88K	78K
Women Jobs created	4,360	14K	10K
Median # of employees per company	571	537	483
Median number of employees trained per company	385	326	284
Median # of individual clients per company	51K	22K	4K
Median # of individual suppliers per company	299	148	326
% of board members who are women	17%	17%	14%
% of management who are women	33%	33%	35%
% of staff who are women	40%	40%	40%
Governance			
Number of organizations with certification	51%[20]	65%	65%
Number of organizations in compliance with local regulations	100%	100%	100%
Total taxes paid for the year, USD	551 M	453.43 M	625.92 M
Environment			
% of companies have defined goals, objectives, KPIs related to climate change	41%	33%	N/A
Number of companies reporting GHG emissions	24%	19%	N/A
Scope 1, 2, and 3 tonnes GHG, CO2 – Sarona financed portion	179,224	Not measured	Not measured

[19] Number of jobs supported including exited companies 272,182 and 101,900 jobs for women.
[20] Reduced due to multiple exits in 2023.

Annex D. Clients in the Sectors of Inclusive Finance, Education, and Healthcare Services

Country	Inclusive Finance
Africa/MENA	40,098,202
India	31,641,256
Singapore	29,199,469
South Africa	21,191,156
Romania	3,000,000
Morocco	2,000,000
Vietnam	946,826
East Africa	646,246
Indonesia	625,667
Nigeria	451,812
Mexico	332,929
Egypt	280,154

Country	Education
Peru	35,024
Egypt	13,050
Morocco	8,000
Vietnam	5,262
Nigeria	3,493
Ghana	2,595

Country	Healthcare
Malaysia	25,000,000
Vietnam	7,204,203
Nigeria	4,900,699
Egypt	2,125,001
South Africa	1,923,924
Romania	855,273
Morocco	537,929
Algeria	3,854

Notes and Disclaimer

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 21 fund managers and 128 SGGM portfolio companies, which constitute a portion of the total portfolio comprising 148 active companies. The data was provided to Sarona by fund managers and covers the period from January 1, 2023, to December 31, 2023, for most companies, and until March 31, 2023, 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 median value of the data points, we strive to offer a balanced and informative summary of the overall data set.

Data for 2X Challenge aligned Fund Managers and Portfolio companies are shown as median.

It is important to acknowledge that our Portfolio Companies represent a 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 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.

Sarona Asset Management Inc.
Australia | Canada | Netherlands | Singapore | United States
+1 519 883 7557
sarona@saronafund.com
saronafund.com

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Sarona Global Growth Markets Private Equity Program Impact Report 2023

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