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Sarona Asset Management

Impact Principles Disclosure Statement

11 May 2026

The information contained in this Disclosure Statement has been reviewed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

SARONA

SARONA ASSET MANAGEMENT

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Disclosure Statement | Operating Principles for Impact Management

About Sarona Asset Management

Sarona Asset Management Inc. hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles"). Founded 16 years ago, Sarona is a global impact investment firm headquartered in Canada, with subsidiaries, employees and contractors across Australia, Canada, Indonesia, Luxembourg, Netherlands, the Philippines, Singapore, United Kingdom, United States and Vietnam.

Sarona is the manager of three institutional impact funds (SFMF1, SGGM1 and SGGM2) and the chosen investment manager for Australian Development Investments (ADI) – Australia's AUD $250 million international impact investment fund of funds, funded by the Department of Foreign Affairs and Trade (DFAT).

This Disclosure Statement applies to the following Assets:

- Sarona Frontier Markets Fund 1 LP (SFMF1)
- Sarona Global Growth Markets PE Fund 1 LP (SGGM1)
- Sarona Global Growth Markets PE Fund 2-B LP (SGGM2)
- Australia Development Investments (ADI)

Total Assets: US$350 million

as of 31 December 2025

Regulatory Status

Sarona is regulated as a Registered Investment Adviser (RIA) under the supervision of the US Securities Exchange Commission (SEC) under SEC file # 801-76668 and is an Exempt Market Dealer (EMD) in Ontario, Manitoba, Alberta, Quebec, and British Columbia and is regulated by the Ontario Securities Commission (OSC) under registration # 57830, holds an Australian Financial Services License (AFSL) from the Australian Securities and Investments Commission (ASIC) under license # 511088 and is a holder of a Capital Markets Services license with the Monetary Authority of Singapore under license # CMS101897. Registration as a registered investment adviser, exempt market dealer, Australian Financial Services license holder or Capital Markets Services license holder does not imply any level of skills or training.

Signed by:
E8148952CD354BA...

Serge LeVert-Chiasson

Managing Partner, CCO
Sarona Asset Management Inc.
11 May 2026

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Principle 1: Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Sarona Asset Management Inc. (Sarona) is a private investment firm that specializes in impact investing in emerging and frontier markets. Sarona invests in private equity funds and private debt providers and growth-stage companies that deliver both strong financial returns and positive social or environmental outcomes. Our investment footprint spans Global Growth Markets including Africa, Asia and the Pacific, Emerging Europe, and Latin America.

Strategic Impact Objectives

Sarona has defined five strategic impact objectives that guide our investment activities and portfolio construction. These objectives are aligned with the United Nations Sustainable Development Goals (SDGs) and serve as the foundation for how we measure, manage, and report impact:

1. Create and improve employment – supporting job creation and quality of work, particularly in underserved markets *(SDG 8: Decent Work & Economic Growth)*.
2. Empower women – advancing gender equality through gender-lens investing and 2X-aligned fund managers and portfolio companies *(SDG 5: Gender Equality)*.
3. Improve environmental outcomes – financing climate action and working with portfolio companies on emissions reduction and/or avoidance *(SDG 13: Climate Action)*.
4. Improve governance – embedding accountability, ESG standards, and responsible business practices across our portfolio: reduce corruption and bribery in all their forms; develop effective, accountable and transparent institutions (*SDG 16: Peace, Justice and Strong Institutions)*.
5. Build sustainable communities – supporting SME growth, inclusive financial services, and access to essential goods and services in frontier markets *(SDG 9- Industry, Innovation and Infrastructure, SDG 3- Good Health and Wellbeing, SDG 4 Quality Education, SDG 7- Affordable and Clean Energy)*.

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These objectives apply at both the fund manager and portfolio company levels. At the fund level, improving governance and empowering women are embedded as operational standards and business practices. At the portfolio company level, all five impact objectives are pursued.

Theory of Change

Sarona's investment strategy is directly designed to achieve these impact objectives and to support local partners to become better impact investors. We invest primarily through fund-of-funds and co-investments, working with local fund managers and high-impact businesses in markets where capital is scarce but the potential for growth and impact is greatest. This approach ensures that our impact objectives and investment activities are mutually reinforcing:

- Capital is deployed to fund managers and entrepreneurs in emerging markets where there is strong potential to generate both social- environmental outcomes alongside attractive commercial returns Sarona works actively with fund managers to manage risks, set impact expectations, collect annual data, and continuously raise standards – embedding accountability throughout the investment lifecycle
- Portfolio businesses scale, jobs are created, women gain/ expand access to economic opportunity, and communities receive essential goods and services

A key initiative illustrating this consistency is our work with the Australian Development Investments (ADI) platform (formerly EMIIF), which specifically targets first-time and women-led fund managers across the Asia-Pacific region – directly advancing our gender equality and sustainable communities' objectives.

Sarona's theory of change operates at three levels:

1. **Company Level** – We track company-reported impact data annually, focusing on measurable, direct outcomes such as jobs supported, wages paid, and women in leadership
2. **Industry Level** – By engaging with over 500 local investment partners and 1,000+ LPs, Sarona actively demonstrates that positive impact and financial performance are complementary, influencing how the broader GP and LP community allocates capital
3. **Systemic Level** – Through collaboration with 2X Global, CAFIID, IFC, and Convergence, Sarona drives innovation and accelerates progress toward the SDGs at a structural level

Memberships, Recognitions & Commitments

Sarona's impact approach is validated by its participation in leading global frameworks and networks:

- UN Principles for Responsible Investment (PRI) signatory since April 2010.
- Certified B Corp since 2011; recognized as Best for the World in 2017, 2018, and 2019
- Signatory to the Operating Principles for Impact Management (Impact Principles) since 2019.
- Member of the GIIN Investor Council since inception.

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- ImpactAssets 50 recognized from 2011 to 2021.
- Member of 2X Global.
- Founding Chair and current Vice-Chair of Canada Forum of Impact Investment and Development (CAFIID).
- Signatory to Task Force on Climate-related Financial Disclosures (TCFD/ISSB).

Impact Measurement & Reporting

Sarona gathers annual metrics as defined by the Impact Reporting and Investment Standards (IRIS) and operates according to its Environmental, Social, Governance & Impact (ESGI) policy, applying its Social and Environmental Management System (SEMS) tool. Impact results are reported annually to stakeholders through our publicly available Impact Report, Values Report, including outcomes against our five impact objectives and case studies of portfolio companies and fund managers implementing improvements in ESG, gender, climate, and impact policies.

SDG Alignment

Sarona's investment strategy contributes to the United Nations Sustainable Development Goals, with strong primary contributions to:

SDG 5

Gender Equality

87% of Fund Managers and 72% of portfolio companies are 2X aligned. 54% of portfolio companies have >30% women in senior management.

SDG 8

Decent Work & Economic Growth

189,650 jobs supported. 40% occupied by women. USD 1.47B in full-time wages paid. Average annual salary of USD 12,000 – above local GDP per capita.

SDG 13

Climate Action

Committed to working with portfolio companies on carbon reduction and climate action strategies.

Sarona is helping shift how investors think about Global Growth Markets – helping redefine how investors allocate capital, how businesses grow, and how leadership evolves in these dynamic regions.

Principle 2: Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

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Portfolio-Level Impact Management

Sarona manages impact achievement on a portfolio basis through a structured, enterprise-wide process that spans all stages of the investment lifecycle – from initial screening through ongoing monitoring and annual reporting. This process is designed to establish, track, and continuously improve impact performance across the portfolio as a whole, while recognizing that the nature, scale, and intensity of impact will vary across individual investments, fund strategies, and geographies.

Sarona has a dedicated Social and Environmental Policy Statement and Management System in place and an enterprise wide ESG and impact policy. Sarona's full ESGI policy is publicly available on its website.

Sarona is a registered B Corporation and as such, includes environmental and social considerations in all its business and investment decisions. In addition, Sarona is often referred to as a leader in the impact investment community. This is because, since its inception, Sarona has believed in the possibility of investing with the explicit dual purpose of generating financial returns while providing tangible and measurable benefits to the communities in which it invests. We have embedded ESG related policies directly into our investment process at every stage of due diligence and monitoring.

Impact Management Process

ESG and impact considerations are embedded into every stage of Sarona's investment process, with shared accountability across all partners and key employees. The process operates as follows:

- Screening & Deal Origination – ESG performance is assessed from the outset, captured in the Deal Intro Memo or Deal Alert Memo using Sarona's proprietary ESG scoring approach.
- Due Diligence – Sarona's Social and Environmental Due Diligence (SEDD) process evaluates local investment partners against Sarona's required ESG score, covering ESG performance, existing policies, track record, and measurable outcomes. Investment Committee members analyse how ESG issues are managed during on-site due diligence meetings. For ADI Mandate Sarona provides *Recommendations for improvement*, with ESAP. This can be part of Investment Decision and documentation. We include in legal documents the ESAP and Impact Targets.
- Investment Decision – Impact metrics and targets are agreed with fund managers at the investment memo stage, establishing upfront expectations for performance and reporting.
- Monitoring & Annual Review – Local investment partners are reviewed annually against ESG performance requirements. Sarona aggregates, analyses, and reports impact metrics to stakeholders on an annual basis.

Portfolio-Wide Impact Standards & Compliance

Across the portfolio, Sarona applies consistent impact and ESG standards, including:

- compliance with IFC and US DFC's ESG standards;
- compliance with DFAT's environment and social safeguarding standards

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- compliance with host countries' applicable environmental & social laws;
- investing in funds designed, built, operated, and maintained in a manner consistent with ESG requirements;
- ensuring that underlying funds' investments are consistent with ESG requirements as agreed with Sarona at the time of commitment;
- meeting the standards set in Sarona's Social and Environment Due Diligence (SEDD) process as described in the investment process manual;
- meeting Sarona's required ESG score;
- reporting impact performance annually as agreed with Sarona;
- reviewing local investment partners annually against ESG performance requirements;
- ensuring adherence to pre-agreed exclusion criteria;
- abiding to the United Nations' Principles for Responsible Investment (UNPRI) since 2010 and the principles for investors in inclusive finance since 2011; and
- transparency at all levels.

Impact Measurement Across the Portfolio

Sarona collects a broad range of IRIS+ indicators annually across its portfolio, recognizing that specific metrics will vary by investment strategy and geography. Portfolio-wide metrics include: including jobs created (e.g., disaggregated by gender), local taxes paid, number of customers, number of suppliers, social and environmental objectives of companies, compliance with local laws, operational certifications, employment benefits, environmental management systems in place, % of women on boards and in management positions, full-time wages (to compare with local wages), occupational injury rates, and employees trained.

These metrics are aggregated and reported annually through Sarona's Values Report, the SGGM Program Impact Report, and the ADI Performance Report, each including impact case studies at the company and fund manager level. Reports are publicly available at: https://www.saronafund.com/impact/

Alignment of Staff and Manager Incentives with Impact

Sarona recognizes that aligning financial incentives with impact achievement is a critical lever for embedding accountability throughout the investment chain.

At the fund manager level: For the ADI [1]mandate, impact metrics – including governance, business specific targets, gender equity, and climate action targets negotiated with fund managers at the investment memo stage and agreed upfront. Fund managers that fully achieve these targets receive impact-linked carry as a direct financial incentive, creating a strong alignment between impact performance and financial reward.

[1] ADI: The Australian Development Investments (formerly known as Emerging Markets Impact Investment Fund) trust is a development finance mechanism launched in August 2023 by the Department of Foreign Affairs and Trade (DFAT). ADI seeks to provide resources and catalyse private investment capital to expand small and medium-sized enterprises (SMEs) across South and Southeast Asia, and the Pacific ("Target Region"). ADI invests for impact, helping SMEs to grow in ways that both generate profit as well as social, environmental and governance benefits, with a cross-cutting focus on gender equality and climate action. ADI provides capital and Technical Assistance to SME Funds that invest in SMEs that are benefiting communities, including those un/underserved by existing markets through products or services, supply chains, or employment practices

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Current scope and limitations: Impact-linked carry is not currently in place for SFMF1, SGGM1, or SGGM2[2]. While compensation is not directly tied to specific impact KPIs, impact performance is a core component of overall performance reviews and influences career progression, recognition, and bonus considerations. Sarona acknowledges this gap and is committed to evaluating the introduction of impact-aligned incentive structures in future separately managed accounts and pooled investment funds, informed by investor sentiment and evolving market practice.

Principle 3: Establish the manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Sarona's Contribution to Achievement of Impact

Sarona seeks to establish and document a credible narrative of its contribution to impact for each investment. This contribution operates through both financial and non-financial channels and is supported by evidence gathered throughout the investment lifecycle. Sarona's contribution goes beyond capital provision – it encompasses active partnership, capacity building, ecosystem development, and investor engagement, all of which are integral to how impact is achieved in the markets where we invest.

For ADI mandate, Sarona documents through the Investment Memos for each fund investment, the specific financial additionality – i.e., whether and how its capital was essential to closing the fund or enabling the investment, and what would likely not have occurred without ADI's participation.

ADI's impact contribution is also reflected through value additionality via Technical Assistance for fund and portfolio companies. This is assessed based on the extent to which business improvements, ESG practices, and impact outcomes are influenced or accelerated by ADI's support and would be unlikely to occur without its involvement.

Financial Contribution Channels

Sarona's financial contributions to impact achievement include:

- Capital provision to underserved markets – Sarona directs patient, risk-tolerant capital to fund managers and entrepreneurs in emerging and frontier markets where

[2] Sarona Global Growth Markets (SGGM) funds are institutional impact private equity fund-of-funds managed by Sarona Asset Management. The strategy invests in leading private equity fund managers across emerging markets, alongside selected co-investments in high-growth SMEs. SGGM focuses on sectors such as technology, healthcare, financials, education, and climate solutions, aiming to generate strong financial returns while advancing impact objectives including gender equality, livelihoods, environmental sustainability, and governance. The portfolio spans selected markets in Asia, Latin America, Eastern Europe, and in Africa.

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commercial financing is scarce or unavailable, enabling businesses to grow that would otherwise lack access to adequate funding

- Catalytic and blended finance – Through its role in the ADI platform and partnerships with Convergence, Sarona mobilizes and structures blended finance solutions that mobilize additional private sector investment alongside development capital, amplifying the overall impact of each dollar deployed.
- First-loss and/or concessional capital structures – Where applicable, Sarona participates in capital structures designed to de-risk investments for other investors, enabling capital to flow to higher-impact but higher-risk opportunities
- Impact-linked financial incentives – Under the ADI mandate, fund managers receive impact-linked carry tied to the achievement of pre-agreed impact targets such as gender inclusion and emissions reduction, directly aligning financial reward with impact outcomes

Non-Financial Contribution

1. ESG and Impact Capacity Building with Fund Managers

Sarona maintains structured, ongoing dialogue with local investment partners on ESG risks and opportunities throughout the investment relationship. Sarona actively works with fund managers to:

- Systematically monitor and assess material ESG risks and opportunities at the portfolio company level
- Track and report on ESG performance within their own operations
- Promote strong ESG policies and practices within portfolio companies, including elevating ESG issues to board-level discussions
- Assign clear internal responsibility for ESG, ensuring accountability and follow-through

A core element of this engagement is Sarona's benchmarking approach. Through its proprietary ESG scoring methodology and annual survey process, Sarona assesses fund managers against a consistent set of ESG and impact criteria. Results are benchmarked across the portfolio and over time, allowing Sarona to:

- Identify leading practices and gaps across fund managers
- Track year-on-year progress at both the manager and portfolio level
- Set clear expectations for improvement based on peer performance
- Inform targeted technical assistance and engagement priorities

This structured benchmarking enables Sarona to move beyond compliance-driven ESG integration toward a model focused on measurable improvement and value creation. It also provides fund managers with practical insights into how their practices compare to peers, to set expectations, measure progress, and drive continuous improvement across its investment partners.

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2. Technical Assistance

Sarona serves as both investment manager and Technical Assistance (TA) project manager for the Australian Development Investments (ADI) platform. This dual role represents a significant and distinctive non-financial contribution channel. TA is delivered at two levels:

- Fund Manager TA – Structured training and advisory support to help fund managers embed gender lens investing, climate practices, and ESG and impact management into their investment processes
- SME TA – Direct operational support to portfolio companies, delivered primarily through local experts, helping companies apply gender, climate, and impact practices in their day-to-day operations, while pursuing business expansion.

TA programming focuses on three priority areas aligned with ADI's mandate: market building to increase flow of capital in target countries within Asia and the Pacific; promoting gender lens investing; and advancing climate-focused investment across South Asia, Southeast Asia, and the Pacific.

3. Knowledge Sharing and Industry Leadership

Sarona contributes to impact achievement at the systemic level by actively shaping the broader impact investing ecosystem. This includes:

- Partnering with 2X Global, GIIN, CAFIID, IFC, and Convergence to convene workshops focused on scaling impact investing and sharing best practices. For ADI, partnering with DFAT Posts for learning events and market building initiatives.
- Collaborating with industry professionals to explore new approaches to mobilizing private sector investment in Africa and Asia.
- Publishing over thirty impact case studies documenting the positive outcomes achieved by portfolio companies and local investment partners – providing evidence of impact and contributing to industry knowledge.
- Remaining actively engaged in global forums on the growth and definition of the impact investing field.

These activities reflect Sarona's theory of change at the systemic level: influencing how the broader GP and LP community thinks about and allocates capital in Global Growth Markets.

Evidence of Contribution

Sarona supports its contribution narrative with evidence gathered at multiple levels:

- Investment-level evidence – Annual ESG and impact data reported by local investment partners, reviewed and aggregated by Sarona, and published in the Values Report, SGGM Program Impact Report, and ADI Performance Report.
- Case study evidence – Over thirty published impact case studies on the Sarona and ADI websites documenting specific company and fund manager-level outcomes:
    - saronafund.com/news-insights
    - adi.fund
    - https://www.linkedin.com/company/sarona-asset-management/
    - https://www.linkedin.com/company/australian-development-investments/
    - Impact case studies are also within the quarterly Investment Reports.

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- Investor transparency – Quarterly conference calls allow investors to engage directly with financial and ESG results; ESG issues are regularly included on the LPAC agenda, ensuring investor-level accountability for contribution claims. Impact team members are part of funds' E&S Committee.

Principle 4: Assess the expected impact of each investment, based on a systemic approach.

For each investment, the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

As an impact investor seeking to improve ESG, gender and impact policies and processes with its local investment partners, Sarona has developed toolkits with its partners to provide support to these local investment partners to implement its theory of change.

For each investment, Sarona conducts a structured ex-ante impact assessment prior to commitment, designed to evaluate the concrete positive impact potential of the investment and the likelihood of achieving it. This assessment is applied systematically across all fund and co-investment opportunities and is embedded in Sarona's due diligence process. A pipeline fund completes an ESG and Impact Questionnaire during the early stage of due diligence

The toolkit includes two surveys—one for fund managers and one for portfolio companies—based on IRIS+ and 2X Criteria indicators. For example, we analyse the geographic and demographic profile of intended beneficiaries and whether beneficiaries are reached directly (e.g., as employees, customers, or suppliers of portfolio companies) or indirectly (e.g., through community spillover effects or supply chain improvements).

We use the results to track progress annually against five core impact outcomes. We then measure annually whether our support has had positive impact against five impact outcomes which are then communicated to our stakeholders publicly, where we seek best advice on improving our approach.

Sarona establishes the baseline for each investment at the date of initial commitment, against which annual progress is measured. This baseline anchors the significance assessment and enables longitudinal tracking of impact achievement.

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We also seek to be leaders in the public discourse, championing the importance of public-private collaboration through means like blended finance and innovative finance.

We raise private and public capital that we pool together into the funds that are then invested with impact intent with the goal of improving our local investment partners' capabilities in that process. We monitor our local investment partners regularly but no less than once a year, establishing the baseline as the date of our initial commitment and monitoring actions taken by our local investment partners in improving their ESG policies and processes.

Sarona has selected 41 IRIS+ compliant metrics to align with its impact outcomes of: (1) creating quality jobs; (2) empowering women; (3) reducing the environmental footprint of its portfolio companies; (4) improving governance; and (5) providing community benefits. We selected the 41 IRIS+ compliant metrics as our impact key performance indicators as they align with Sarona's vision of a better world through impact investment. We also use updated 2X Criteria to assess gender equity and inclusion at the portfolio and we monitor these annually.

Joint Impact Model (JIM): Sarona's use of JIM supports this by modeling economic multiplier effects such as supply chain employment and broader value-added contributions. Sarona has integrated JIM to assess economic and environmental significance, including:

- Estimating overall GHG emissions and identifying top-emitting portfolio companies.
- Quantifying economic contributions such as jobs supported and value added to the economy.
- Enabling comparability of impact significance across geographies and sectors.

As a part of the Investment Memo, Sarona documents, for each investment, whether opportunities to increase or deepen impact were identified and considered. This may include:

- Providing technical assistance alongside capital (as Sarona does systematically under ADI).
- Encouraging fund managers to adopt more ambitious gender or climate targets.

Annual Monitoring

Sarona monitors all local investment partners no less than annually against the impact framework established at the time of investment. Sarona has developed toolkits – including two surveys, one for fund managers and one for portfolio companies – based on IRIS+ and 2X Criteria indicators. Results are tracked annually against the five core impact outcomes and reported publicly through Sarona's Values Report, the SGGM Program Impact Report, and the ADI Performance Report.

Sarona also champions public-private collaboration – including blended finance and innovative finance structures – as a means of increasing the scale and reach of impact investing in Global Growth Markets.

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Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment, the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Sarona applies a systematic and documented process to identify, avoid, mitigate, and manage potential negative Environmental, Social, and Governance (ESG) risks for each investment. This process is grounded in international best practice – primarily the IFC Performance Standards and IFC ESG risk categories – and is embedded across all stages of the investment lifecycle, from initial screening through exit.

Sarona's full ESG and Impact Policy is publicly available on its website and sets out the standards, tools, and processes described below. Please refer to the Principle 2 for more details.

During the due diligence process, we seek to establish how ESG factors are considered during the due diligence, monitoring and exit process and how the local investment partner manages these risks. Most local investment partners follow the IFC ESG risk categories and report back on these annually as well as disclose all negative externalities that might have occurred against these ESG risk.

Sarona approaches negative impact risk through a structured hierarchy:

1. Avoidance – Sarona's first priority is to avoid investments that carry unacceptable ESG risks. This is enforced through pre-agreed exclusion criteria applied at the screening stage, which identify activities, sectors, or practices that are incompatible with Sarona's ESG and impact standards regardless of financial return potential. For ADI pipeline funds with potentially significant social and environmental impacts, a third-party due diligence is required and reviewed.
2. Mitigation – Where ESG risks are identified but not disqualifying, Sarona works with local investment partners to develop and implement mitigation measures prior to and following investment, including through ESG action plans and capacity-building support. Condition Precedents for investment and capital call are also applied to ensure mitigation measures are met or observed throughout the investment period.
3. Management and Monitoring – Where residual ESG risks remain, Sarona establishes ongoing monitoring requirements, engages with investees to track progress, and maintains an active ESG risk register updated regularly based on disclosures from local investment partners. Sarona uses its LPAC and E&S Committee representation to actively monitor and advise fund investments.

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A public link to Sarona's environmental, social, governance and impact policy is available on Sarona's website: https://www.saronafund.com/wp-content/uploads/2026/04/ESGI-Policy-Sarona-March-2026.pdf

The table below summarizes key steps in the SEMS process and how they fit in Sarona's workflow:

	80-120 per year	30-40 per year	15-25 per year	6-8 per year	5-6 per year	
Stage	SOURCING & MARKET MAPPING	DESK DUE DILIGENCE	ON-SITE DUE DILIGENCE	LEGAL DUE DILIGENCE	CLOSING	POST INVESTMENT
Phase	Deal Alert Memo	Preparation Memo	Information Memo	Investment Memo	Monitoring	Monitoring
Investment Team	• Four-stage investment memo process following industry best practice • Integrated ESG and impact due diligence	• Prepare for on-site due diligence	• Extensive on-site due diligence of team and portfolio companies • Deep dive into market strategy, team, process, portfolio, finance and tax	• Present investment recommendation to Investment Committee for formal approval	• Regular updates and on-site meetings • Constructive relations with LPs • Impact monitoring and reporting	✓ Active Support ✓ Monitoring ✓ Reporting ✓ Exit
Impact Team	• Review investments against the IFC exclusion list	• ESGI Gap Analysis which ties into ESGI Action Plan • Gender Gap Analysis according to Sarona GLI Spectrum	• Review of portfolio company's approach to ESGI using proprietary rating methodology based on UNPRI standards Overall score assigned, reflecting stage of ESGI practices	• Modify Gap Analysis as required, and identify any issues to be resolved in the ESGI and Gender Action Plan	• Incorporation of ESGI and Gender Action Plan in Legal documentation at closing	✓ Active Support ✓ Monitoring ✓ Reporting

Sarona has introduced a formal ESG risk tiering system – categorizing investments by the severity and likelihood of ESG risks – to ensure that monitoring intensity, engagement depth, and remediation requirements are proportionate to the risk profile of each investment.

Where gaps in an investee's ESG systems, processes, or standards are identified during due diligence, Sarona engages with the local investment partner to seek commitment to address these gaps as a condition of or follow-on to investment. This engagement is aligned with good international industry practice and may include:

- Agreement on specific ESG improvement actions and timelines (ESG action plans).
- Incorporation of ESG requirements into legal investment documentation.
- Commitment to annual ESG and impact reporting as agreed with Sarona.
- Adherence to Sarona's ESGI Policy standards, including IFC Performance Standards where applicable.

Ongoing Monitoring – ESG Risk and Performance

Sarona monitors all local investment partners against ESG performance requirements no less than annually. Monitoring activities include:

- Annual ESG and impact reporting by local investment partners, covering material ESG risks and negative externalities.
- Annual review of each investee against Sarona's ESG performance requirements.

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- Updating of Sarona's ESG risk register based on investee disclosures, which forms part of the legal requirements of Sarona's investment agreements.
- Aggregation, analysis, and reporting of ESG performance data to stakeholders through the Values Report, SGGM Program Impact Report, and ADI Performance Report.

Addressing Negative Events and ESG Risks

When a negative ESG event is disclosed or identified, Sarona follows a structured response process:

- Immediate follow-up with the local investment partner to understand the nature, cause, and extent of the event.
- Remediation requirements – ensuring that appropriate corrective actions are taken to address the event and reduce the likelihood of reoccurrence.
- Lessons learned – capturing and sharing key learnings across the portfolio where relevant, to strengthen ESG practices more broadly.
- Risk register update – reflecting the event and its resolution in Sarona's ESG risk register.

Investee Capacity Building and Engagement

Beyond monitoring and compliance, Sarona actively supports local investment partners to strengthen their ESG capabilities. This includes:

- Providing ESG toolkits – including surveys for fund managers and portfolio companies based on IRIS+ and 2X Criteria – to support systematic ESG monitoring at the portfolio company level. Sarona also shares its own resources to support the easier adoption of fund investees.
- Encouraging local investment partners to assign clear internal responsibility for ESG, bring ESG issues to board-level discussions, and promote strong ESG practices within their portfolio companies.
- Delivering structured Technical Assistance under the ADI mandate, including training on gender lens investing, climate practices, and impact measurement (see Principle 3 for details).
- Engaging regularly on emerging ESG issues, risks, and best practices.

International Standards and Frameworks

Sarona's approach to negative impact management is grounded in and aligned with the following international standards and frameworks:

- IFC Performance Standards – primary reference framework for ESG risk assessment and management requirements.
- IFC ESG Risk Categories – applied by most local investment partners for risk classification and annual disclosure.

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- UN Principles for Responsible Investment (UNPRI) – signatory since 2010.
- Principles for Investors in Inclusive Finance – signatory since 2011.
- DFAT Environment and Social Safeguarding Standards – applied under the ADI mandate.
- US DFC ESG Standards – referenced in Sarona's compliance requirements.
- ISSB – climate risk considerations embedded in ESG assessment.
- 2X Global Member, 2X Criteria - applied since 2022.

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Sarona collects impact and ESG performance data from all local investment partners no less than annually. The monitoring cycle is established at the time of investment and forms part of the legal and contractual requirements of Sarona's investment agreements.

Sarona uses a predefined, systematic process to monitor the progress of each investment toward the achievement of its intended impact, comparing actual performance against the expectations established at the time of investment. This process is anchored in the results framework described in Principle 4 – built around Sarona's 41 IRIS+-compliant metrics, 2X Criteria, and the Joint Impact Model (JIM) – and is applied consistently across all fund investments and co-investments.

The Monitoring Framework: Structure and Scope

Impact monitoring operates at two levels:

- Investment level – tracking progress of each individual fund or co-investment against its specific impact thesis, targets, and key performance indicators established at deal stage
- Portfolio level – aggregating investment-level data to assess overall portfolio impact performance against Sarona's five core impact outcomes: creating quality jobs; empowering women; reducing environmental footprint; improving governance; and providing community benefits.

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Recognizing that impact will vary across individual investments, monitoring expectations and KPIs are calibrated to the specific impact thesis and context of each investment, while remaining consistent with Sarona's overarching impact framework.

In addition to the quantitative data, we also collect qualitative data on the impact of our portfolio companies and funds. We interact regularly with all our local investment partners and with a select number of their investee companies. The values and impact reports and our quarterly reports include impact case studies which illustrate Sarona's impact across our investment mandates, regions, sectors, and impact themes.

For each investment, impact data is drawn from the following sources:

- Annual fund manager and portfolio company surveys
- Local investment partner ESG and impact reports
- ESG risk register disclosures
- JIM modeled estimates for economic and environmental indicators
- ADI-specific impact reports and TA program outputs

We report impact metrics relating to companies in their entirety, not pro-rata relating to Sarona's ownership, with the exception of financed GHG emissions. We believe Sarona has significant impact on the investment industry ecosystem and therefore calculating attribution is not informing the decisions. For readers' information only, we own an indicative average of 1.9% of the 138 companies in SGGM portfolio, whether directly or indirectly through funds.

Sarona's monitoring responsibilities are distributed as follows:

- Local investment partners – responsible for collecting and reporting annual ESG and impact data from their portfolio companies, using Sarona's survey instruments and agreed KPI frameworks.
- Sarona investment team – responsible for reviewing, validating, and aggregating data received from local investment partners; conducting annual ESG performance reviews; and maintaining the ESG risk register.
- Sarona impact team – responsible for running JIM analysis, tracking progress against the five core impact outcomes, and preparing impact reports for stakeholder disclosure.
- Investment Committee – responsible for reviewing material deviations from expected impact performance and determining appropriate responses.

Comparing Actual vs. Expected Impact

For ADI investments, Sarona compares annual impact performance data against the targets and expectations established at the time of investment, tracking whether each investment remains on course to achieve its intended impact over its full lifetime. This practice is currently documented only for ADI. The funds that were launched earlier did not have formal impact targets.
For ADI impact team documents:

- Comparison of cumulative impact outcomes achieved against original ex-ante expectations- using survey and key informant interviews.
- Lessons learned from each investment's impact journey.
- Contribution of findings to Sarona's evolving impact knowledge base to inform future investment decisions.

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- Where possible, post-exit tracking of impact sustainability beyond Sarona's holding period.
- Documents findings at the investment level, not only at the portfolio aggregate level.

Impact monitoring results are reported to stakeholders through multiple channels:

- Values Report – annual public report aggregating portfolio-wide impact performance against Sarona's five core outcomes, including impact case studies of portfolio companies and local investment partners.
- SGGM Program Impact Report – annual report on impact performance across the SGGM fund mandates.
- ADI Performance Report – annual report on impact performance under the ADI mandate, reported to DFAT.
- Investor quarterly calls – quarterly conference calls at which investors engage directly with local investment partners on financial and ESG results.
- LPAC and E&S Committee– ESG and impact issues are regularly included on the LPAC agenda, ensuring LP-level visibility of monitoring findings.
- Sarona website – published impact case studies documenting company and fund manager-level outcomes.

Principle 7: Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Sarona recognizes that the timing, structure, and process of an exit can significantly affect the sustainability of the impact achieved during the investment period.

As a fund-of-funds investor, Sarona operates primarily through long-term private equity fund, which means exit timing and opportunity are often determined by local investment partners rather than by Sarona directly. For debt investments, the loan tenor is defined. Nonetheless, Sarona acts in good faith – and consistent with its fiduciary responsibilities – to actively engage with its local investment partners throughout the exit process to promote outcomes that sustain and strengthen the impact of portfolio companies beyond Sarona's holding period.

Sarona's Role and Influence in the Exit Process

Sarona's exposure to long-term private equity funds means it does not typically control exit timing or buyer selection directly. However, Sarona engages actively with local investment partners at multiple points in the exit process to ensure impact considerations are incorporated:

- Exit identification – Sarona engages with local investment partners in identifying potential exit partners and stays informed on exit pipeline and timing
- Exit updates – Sarona receives regular updates on planned and executed exits, enabling it to raise impact-related considerations in advance

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- Stakeholder outcomes – Sarona seeks to ensure that exits benefit not only financial stakeholders but also the broader ecosystem of employees, suppliers, and local communities that portfolio companies serve – in a manner that strengthens the future of these companies and their contribution to local economies
- Documentation of ESG and Impact Practices- Sarona captures ESG and impact considerations as part of exit monitoring, documenting lessons learned and good practices to inform future investments and strengthen impact outcomes across the portfolio. This is specifically required for ADI.

Responsible Exit Commitments

Since 2020, Sarona has incorporated responsible exit commitments into its side letters with local investment partners. These commitments initiate a formal dialogue with GPs on not just how they invest responsibly, but how they exit responsibly – a distinction Sarona views as important to the maturation of the impact investment industry. All exit partners are subject to KYC and AML compliance checks as a baseline requirement. Beyond compliance, Sarona generally seeks exits to buyers who recognize and intend to continue the existing growth trajectory and strategic direction of portfolio companies. Sarona conducts exit interviews with GPs to evaluate buyer's intention to maintain the portfolio company's impact model, employment base, and community relationships.

As a fund-of-funds, Sarona currently has no documented mechanism for tracking the sustainability of impact after exit. While post-exit tracking is acknowledged as desirable under Principle 7's outcome harvesting process, it is not yet operationalized.

Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Sarona continuously reviews and refines its investment process, impact management systems, and theory of change based on the impact performance of its portfolio. This commitment to learning and improvement operates at three levels – investment, operational, and strategic – and is supported by structured review processes, industry partnerships, and active knowledge sharing with local investment partners and the broader impact investing community.

Sarona is strengthening its investment-level review processes to ensure systematic assessment of impact performance across the lifecycle:

- Annual investment reviews are conducted to assess each investment's impact performance against initial expectations, including ESG risk management, gender outcomes, and climate performance. For ADI, lessons learned sessions with the Investment Committee are conducted semi-annually.

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- Exit-stage reviews are introduced to evaluate realized impact and capture full lifecycle performance.
- Unintended impacts – annual reviews also capture unexpected outcomes, both positive and negative, that were not anticipated at investment entry.
- Expected vs. actual analysis is formalized, comparing original impact projections (e.g., job creation, emissions avoided, gender outcomes) with observed results.

Operational Improvements Driven by Impact Findings

Sarona uses impact performance findings to continuously improve its operational investment processes. Recent examples include:

- ESG questionnaire updates (2025) - Expanded to include emissions accounting, nature-based solutions, and updated 2X Criteria, reflecting gaps identified through prior monitoring cycles
- Annual benchmarking - Sarona compares ESG and impact performance across fund managers, tracks progress over time, and shares results to highlight strengths and areas for improvement
- Targeted capacity building - Benchmarking results inform engagement priorities and technical assistance support for fund managers. The semi-annual sessions with the IC have informed the TA program in terms of pacing, scope, and resourcing.

We have also updated data collection tools based on feedback from LPs and industry standards. For ADI, based on impact data and TA performance assessments, we have updated several processes to improve efficiency and better link of TA activities to business performance.

Industry partnerships – Sarona actively seeks input and collaboration from leading organizations – including B Lab, the UNPRI, OPIM, GIIN, ISSB, and 2X Global – to align with best practices and strengthen its impact management systems and reporting frameworks. Sarona actively contributes to raising impact management standards across the broader impact investing ecosystem – consistent with its theory of change at the systemic level.

Strategic impact goals – Sarona's three-level theory of change continues to guide strategic decision-making:

- *Company level – Good investments done right:* Investing in businesses that enhance economic opportunities and quality of life, tracking company-reported data annually to assess measurable, direct impact
- *Industry level – Catalyst for change:* Influencing the broader GP and LP community across low- and middle-income countries, engaging with over 500 local investment partners and more than 1,000 LPs to demonstrate that positive impact and financial performance are complementary
- *Systemic level – Innovation through collaboration:* Collaborating across sectors to drive innovation, scale solutions, and accelerating progress toward the SDGs through new structures and partnerships.

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Lessons Learned Documentation

Sarona records key learnings from each investment review cycle, including what worked, what did not, and what was unexpected.
Insights are documented, shared internally, and integrated into investment processes, due diligence frameworks, and monitoring tools.

Principle 9: Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement reaffirms the alignment of Sarona's policies, systems, and processes with each of the nine Impact Principles. This Disclosure Statement is updated annually and published on Sarona's website.

Independent Verification

Sarona completed its independent verification in May 2026 to assess the alignment of its impact management systems and processes with the Operating Principles for Impact Management (Impact Principles). The verification included all funds [3] managed by Sarona.

Verification Partner

Quinn+Partners (Q+P), a management consultancy specializing in corporate sustainability, sustainable finance, climate change, and responsible investment. Founded in 2013 and headquartered in Toronto, Canada, with registered office at 10 Alcorn Avenue, suite 200 Toronto, ON M4V 3A9. Q+P is a certified B Corporation and recognized leader in impact measurement and management (IMM) advisory services. Q+P has extensive experience developing Impact Principles-aligned IMM frameworks for leading Canadian investors, including large pension funds, asset managers, and climate-focused funds.

Scope of Verification:

- Review of Sarona's OPIM Disclosure Statement.
- Assessment of Sarona's impact management policies, practices, and systems against each of the nine Impact Principles.
- Interviews with key Sarona stakeholders involved in designing and implementing impact processes, policies and systems.

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Ongoing Commitment

Sarona is committed to independent verification of its Impact Principles alignment once every three years. The schedule of planned verifications is as follows:

Verification Cycle	Verifier	Status	Publication
2020	CAFIID	Completed	Dec-20
2023	Tidal Impact	Completed	May-23
2026	Quinn+Partners	Completed	May-26
2029	TBD	Planned	May-29

Link to 2026 Independent Verification Statement:

https://www.saronafund.com/wp-content/uploads/2026/05/2026-Sarona-OPIM-Verification-Report_QuinnPartners-Public_MAY2026.pdf