



# CLIMATE TRANSPARENCY REPORT

## 2019

Sarona Asset Management

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-17865C1F-91A5-4C4C-BF29-3A8E06CC8588/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-17865C1F-91A5-4C4C-BF29-3A8E06CC8588/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	✓	Public				
SG 01.12 CC	-	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-	Public				
SG 13.5 CC	-	Public				
SG 13.6 CC	-	Public				
SG 13.7 CC	-	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	-	Public				
SG 14.6 CC	-	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Sarona Asset Management
<b>Signatory Category</b>	Fund of funds, manager of managers, sub-advised products - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 0.1 - 0.99 billion AUM
<b>Main Asset Class</b>	>50% Private Equity Internally Managed
<b>Signed PRI Initiative</b>	2010
<b>Region</b>	North America
<b>Country</b>	Canada
<b>Disclosure of Voluntary Indicators</b>	21% from 38 Voluntary indicators

# Sarona Asset Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Sarona manages funds of funds primarily investing in private funds focused on deploying capital to expansion-stage companies in Frontier and Emerging Markets ("F&EM"). Sarona targets strong financial returns while promoting positive ethical, social and environmental values. The life of Sarona's funds is 12 years from final closing with up to two one year extensions.

Sarona seeks to invest in opportunities that capitalise on the growth of small and mid-market companies through local funds with active value-add managers. F&EM are generally defined as those countries with a GNI per capita of up to approximately US\$13,000 per annum, as identified by the World Bank.

Sarona's investment programmes target 60% of the total capital commitments in primary investments and 40% commitment to Secondary Investments and Direct Co-Investments alongside selected fund management teams.

We believe that applying ethical, social and environmental values to each investment decision builds a better world for current and future generations. We further believe that such values help generate strong financial returns. In 2016, Sarona adopted Environmental, Social, Governance and Impact policy that outlines how Sarona's Belief statement is reflected in its operations and sets expectations for how Sarona will consider ESG and impact outcome in its fund programme.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

We work to have a long-term and scalable positive impact at three levels: systemic through collaboration, on the private equity industry in working with our investee fund managers and on the environment and communities where we invest via the companies in our portfolios. We actively monitor and measure the impact of our portfolio companies.

In 2016, Sarona adopted Environmental, Social, Governance and Impact policy. This policy outlines how Sarona's Belief statement is reflected in its operations and sets expectations for how Sarona will consider ESG and impact outcome in its fund programme. The policy is reviewed at least once a year or when significant business process changes occur. The policy was approved by all three Partners.

**Belief Statement:** We believe that applying ethical, social and environmental values to each investment decision builds a better world for current and future generations. We further believe that such values help generate strong financial returns.

To align our actions with our beliefs, we will:

- Choose the best possible general partners - those who can add value and grow companies to have a positive impact in their communities; those who understand that good management of environment, social and governance (ESG) factors can reduce risk and create value; those who have ESG policies and procedures in place or are willing to design them going forward.
- Sarona will seek to engage its GPs to ensure they understand and, as far as commercially practical, adhere to the IFC Performance Standards or a similar set of social and environmental standards. Sarona will refrain from investing in industries and companies identified in the IFC Exclusion List. Whenever possible, Sarona will seek to improve an investment's positive environmental or social impact and minimise a negative one.
- During pre-investment due diligence, Sarona will evaluate whether prospective GPs have policies and systems in place that adhere to these standards. During the ownership phase, Sarona will evaluate GPs adherence to these standards, and seek to add value through knowledge sharing and best practices.
- Select funds that invest in small to mid-market companies with ambitions to grow and apply global best practices to their operations
- Focus on sectors and opportunities that meet our return expectations, are scalable and sustainable
- Build a well-diversified portfolio to deliver strong financial returns to investors

Sarona keeps track of its underlying GPs and their underlying portfolio companies, including their ESG developments. In addition to standard financial and economic evaluations, Sarona assesses and monitors investments using numerous data points as laid out by the Impact Reporting and Investment Standards ("IRIS") and defines how they contribute to the SDGs.

As a result, Sarona (through its GPs) will seek to invest in businesses that implement good governance, do business in an environmentally responsible way, contribute to sustainable communities and create quality



jobs that present opportunities for women. In cases where businesses fall short of these expectations, GPs will be expected to work with their companies to remedy any shortcoming and address identified issues before exiting.

The full ESGI Policy is publicly available at <http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf>

Details on Sarona's impact on local communities and alignment with SDGs are available in Sarona's annual Values Report publication, publicly available at <https://www.saronafund.com/responsible-investment/values-reports>

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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<b>SG 01.6 CC</b>	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Sarona supports a fund of funds approach focused on multiple sectors. We encourage our fund managers to incorporate strategies that reduce environmental harm and encourage investments in climate change risk reduction. However, we do not factor that in our due diligence process at this point in time.

<b>SG 01.7 CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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- Yes  
 No

<b>SG 01.9 CC</b>	Indicate whether the organisation publicly supports the TCFD?
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- Yes  
 No

Explain the rationale

We are not aware of the TCFD.

<b>SG 01.10 CC</b>	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes  
 No

**SG 01.11  
CC**

Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.

We will consider this within our three year review of our ESG policies and processes and may see changes in our policies and processes reflecting climate-related risks and opportunities in 2020.

**SG 1.12  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

**SG 02**

**Mandatory**

**Public**

**Core Assessed**

**PRI 6**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1**

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

- URL

URL

{[hyperlink:http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf](http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf)}

- Attachment (will be made public)

Attachment

[File 1:Sarona-ESGI-Policy-Aug-2016.pdf](#)

- Formalised guidelines on environmental factors

URL/Attachment

- URL

URL

{hyperlink:http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf}

Attachment (will be made public)

Attachment

[File 1:Sarona-ESGI-Policy-Aug-2016.pdf](#)

Formalised guidelines on social factors

URL/Attachment

URL

URL

{hyperlink:http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf}

Attachment (will be made public)

Attachment

[File 1:Sarona-ESGI-Policy-Aug-2016.pdf](#)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf}

Attachment (will be made public)

Attachment

[File 1:Sarona-ESGI-Policy-Aug-2016.pdf](#)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf}

Attachment (will be made public)

Attachment

[File 1:Sarona-ESGI-Policy-Aug-2016.pdf](#)

We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf}

Attachment

File Attachment

{hyperlink:Sarona-ESGI-Policy-Aug-2016.pdf [581KB]}

Time horizon of your investment

Governance structure of organisational ESG responsibilities

ESG incorporation approaches

URL/Attachment

URL

URL

{<http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf>}

Attachment

File Attachment

{[Sarona-ESGI-Policy-Aug-2016.pdf \[581KB\]](#)}

Reporting

URL/Attachment

URL

URL

{<http://www.saronafund.com/user-files/uploads/2016/09/Sarona-ESGI-Policy-Aug-2016-4.pdf>}

Attachment

File Attachment

{[Sarona-ESGI-Policy-Aug-2016.pdf \[581KB\]](#)}

We do not publicly disclose any investment policy components

## Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

<b>SG 07.8 CC</b>	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14 CC**

Voluntary

Public

General

<b>SG 14.8 CC</b>	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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Process for climate-related risks is integrated into overall risk management

	Please describe
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We invest in small to mid-market companies in frontier and emerging markets. We do this primarily through local private equity firms. Our work, therefore is to select the best firms, who will be the extension of our eyes, ears and values. Those values are both social and environmental. We require all portfolio companies to report on some 20 IRIS metrics, including environmental.  
More recently, we have begun a project to understand and invest in climate change mitigation, resilience and adaptation. This specific investment strategy is in development.

Process for climate-related risks is not integrated into our overall risk management

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

<b>SG 15.2</b>	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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100

<b>SG 15.3</b>	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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	Area
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Energy efficiency / Clean technology

	Asset class invested
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Private equity

	% of AUM
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5

Inclusive finance



#### Brief description and measures of investment

Sarona is invested in South Asia Clean Energy Fund (SACEF I). SACEF I invests in companies that promote renewable energy, energy efficiency and products with reduced energy usage in South Asia. Their goal is to generate strong returns while reducing greenhouse gas emissions in South Asian countries that currently suffer from high levels of pollution.

- Renewable energy

#### Asset class invested

- Private equity

#### % of AUM

2

- Inclusive finance

#### Brief description and measures of investment

Founded in 2007, Berkeley Energy taps into the growing demand for renewable energy infrastructure in developing markets. REAF focuses on supporting wind, small hydro, biomass, solar, geothermal and landfill gas projects in India and the Philippines. With a capacity shortage and growing demand for energy, renewables are increasingly becoming a core part of the Asian energy landscape.

- Green buildings
- Sustainable forestry
- Sustainable agriculture

#### Asset class invested

- Private equity

#### % of AUM

3

- Inclusive finance

#### Brief description and measures of investment

Sarona co-invested in Khyati Foods India Private Ltd. (Khyati Foods) alongside SEAF I. Khyati Foods, based in Bhopal India, certifies organic soy and cotton farmers and then processes and exports the finished product. The company's largest export markets are Europe and North America. Khyati Foods has also started to buy, clean, grade and export conventional meal, organic meal, organic flaxseed, cotton seed, and soya oil. To date, Khyati Foods has trained more than 19,800 small farmers - 8,800 organically certified and 11,000 in process of conversion to organic certification in 2017 and 2018. The farmers benefit from organic certification which allows them to sell products at premium prices.

- Microfinance

Asset class invested

Private equity

% of AUM

5

Inclusive finance

Brief description and measures of investment

Among others, Sarona is invested in Financiamiento Progreseemos, a Mexican institution that lends to women in rural areas.

SME financing

Asset class invested

Private equity

% of AUM

1

Inclusive finance

Brief description and measures of investment

Sarona's fund of funds and advisory managed account invest in small to mid-market companies through private equity managers based in Frontier and Emerging markets.

Social enterprise / community investing

Asset class invested

Private equity

% of AUM

1

Inclusive finance

Brief description and measures of investment

One of Sarona's underlying funds has invested in Teamwork Arts, an Indian entertainment company that promotes Indian culture and addresses social issues through arts. The company's mission is to provide, through its festivals and connected workshops, a platform to raise, discuss and engage on difficult social issues, include disenfranchised communities and attract additional sponsors whose priorities align with the overarching causes.

Affordable housing

Asset class invested

Private equity

% of AUM

3

Inclusive finance

Brief description and measures of investment

One of Sarona's underlying funds has invested in MexVi, which provides low-cost, high-quality housing solutions to Mexicans in rural and semiurban areas.

Education

Asset class invested

Private equity

% of AUM

12

Inclusive finance

Brief description and measures of investment

Sarona co-invested in the Tiba Group alongside ANAF II. Tiba Group was founded in 1990 and is a leading, private provider in Egypt, with one university, three academies and three K-12 schools. The company seeks to capture the strong growth opportunity in the local market driven by the size of the young population and a large demand/supply gap for affordable high quality .

Global health

Asset class invested

Private equity

% of AUM

8

Inclusive finance

## Brief description and measures of investment

One of Saron's underlying funds has created a holding to house the fund's two healthcare investments in Tunisia and three in Egypt.

- Water
- Other area, specify
- No