

Fighting Absolute Poverty with Entrepreneurial Means

elea Annual Review 2021



elea

"elea, as a partner, has helped us to think more critically around our strategy."
Zhihan Lee, Co-Founder and CEO, Bagosphere

Our Purpose

elea exists to fight absolute poverty with entrepreneurial means, leveraging the opportunities of globalization.

Our Vision

We aspire to be a role model organization with global charisma in the field of philanthropic impact investing. As a professional, active investment manager, we create measurable, lasting impact. We strive to be the partner of choice for impact entrepreneurs and philanthropic investors, and ambitious, talented people seeking a career as impact investing professionals.

Our Values

People: We work for the benefit of people. Improving livelihoods and protecting the dignity of individuals is at the core of our endeavours. We are inspired by a high level of empathy.

Environment: We care for and support environmental progress toward a more sustainable ecological footprint. We identify, evaluate and select impact ventures that – at a minimum – are not environmentally harmful, but whenever possible contribute to socially relevant global environmental goals.

Partnership: Both within our organization and with our partners, we collaborate in an open, transparent way, based on mutual respect and trust. We actively listen to understand diverse points of view, and we respect different perspectives. We support each other in realizing our goals.

Entrepreneurship: We consider capable entrepreneurship to be an essential lever for achieving sustainable impact. Therefore, we look out for and support impact entrepreneurs who combine a strong motivation for purpose and impact with a bias for action and a responsible commercial sense. We look out for opportunities and creative solutions, are prepared to take risks and act responsibly.

Professionalism: We continuously develop our skills and we systematically apply relevant tools and methods to support our partners and manage our own organization in an effective way. We want our partners to feel confident about working with elea as a reliable organization that delivers on promises made.

Ethics: We act and engage ourselves consciously with high standards of ethics and a humble attitude. As an independent organization, we apply our significant level of liberties with an equally ambitious level of responsibility, and we are grounded in shared virtues of honesty, fairness, and integrity.



Smallholder farmer drying coffee beans in Ethiopia (source: Coffee Circle).

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Letter from the Chairman and the CEO

Dear elea Stakeholders,

2021 was another extraordinary year. Thanks to the implementation of comprehensive health measures, including strong vaccination campaigns, some, mainly high-income countries, could enjoy returning to fragile pockets of normality. However, many of the low-to-middle income countries we are active in were not so fortunate. This situation not only worsens the livelihood opportunities of the people living at the base of the pyramid but also represents massive challenges for our impact entrepreneurs who work tirelessly to improve them.

elea's actions in the first half of the year were again mostly confined to immediate crisis interventions. Without this support, many of our entrepreneurs – who, after all, are important engines of positive change in their countries – would not have gotten through these trying times. For us at elea, this meant investing even more time in individual coaching, lending even stronger support to our partners on a strategic level, and providing unbureaucratic emergency funding where necessary to ensure our entrepreneurs stayed on mission. It was only over the summer, with an improving global outlook, that we could begin to plan beyond the immediate health crisis and work together with our partners to further the medium- and long-term development of their impact and economic models.

Thanks to the resilience of our entrepreneurs and the support of all these measures, most of our ventures coped well with the challenges of the pandemic. Many were even able to transform them into impact opportunities by adjusting customer service, accelerating digitization, or re-thinking their offering. Nonetheless, awamo, a software solution provider to microfinance institutions in Uganda, and Lynk, an online platform that connects households with skilled craftsperson services in Kenya, greatly struggled against the consequences of the pandemic,

and their survival was called into question. However, we succeeded in selling the operational core of both companies and thus in securing the continuity of their impact.

Aside from these setbacks – which are part and parcel of being an early-stage philanthropic impact investor – the year also provided us with some remarkable highlights: In March we launched our elea Entrepreneurs' Community, a community designed to act as a catalyst for impact by promoting peer-to-peer exchange between our entrepreneurs and by providing a platform for mutual learning. We kickstarted the process with a tailor-made "Leading for Impact" program in collaboration with our academic partner IMD Lausanne. Another highlight was our annual Philanthropic Investors' Circle event in October, where we welcomed four of our impact entrepreneurs physically and virtually among our philanthropic investors and friends in Zurich.

"Despite all the restrictions caused by the pandemic, we were able to expand our portfolio with five new impact ventures."

– Andreas R. Kirchschräger, CEO

We are particularly proud of the fact that, despite all the restrictions caused by the pandemic, we were able to expand our portfolio with five new impact ventures in all of our three thematic areas. One example is our investment in ATEC where we

explore how, through innovative approaches, we can combine our fight against absolute poverty with efforts to combat climate change. ATEC is an Australian company with activities in Bangladesh and Cambodia, that designs and distributes clean cooking products such as electrical cookstoves to low-income families. Their model leverages the benefits of pay-as-you-go technology that makes the product affordable and allows for collecting live usage data which is necessary for generating carbon credits. Another example is J-Palm, a company that works with smallholder farmers in Liberia to produce and market organic palm oil, thus creating an important source of sustainable income for them.

In an effort to further intensify our activities, we have strengthened the elea team: With Greta Carioli, Arnaud Schuele, and Isabelle Sun our elea Talent Program grew by another generation of top university talents. In addition, we further expanded our leadership resources with the appointment of Benoît Demaurex as an Executive Director. Finally, with the joining of Lars Flükiger as an IT analyst and with Elena Torresani as a Head of Communications & Partnerships, we filled two additional key positions within our team.

The impact and growth of our organization is made possible by those who steadfastly stand behind us. We want to take this opportunity to thank our esteemed Comité de Patronage and all the members of our elea Philanthropic Investors' Circle for their unwavering support and trust in elea. We extend a special thanks to Jürg and Manuela Schaeppi, who joined the elea Comité de Patronage, and to Felix and Maria Haldner for the generous increase in their commitment.

While we write these lines we are shocked about the horrifying news that reach us daily about the war in Ukraine. While our thoughts are with those directly affected, we condemn in the strongest terms all acts of war. We are greatly concerned about the rising level of poverty and the trend of de-globalization that are being accelerated through this crisis and we will do our share to stand up for and to promote our values of liberal ethics.

Thank you for your continued interest in elea and your support of our efforts to fight absolute poverty with entrepreneurial means.



Dr. Peter A. Wuffli
Chairman

Peter Wuffli



Andreas R. Kirchschräger
CEO

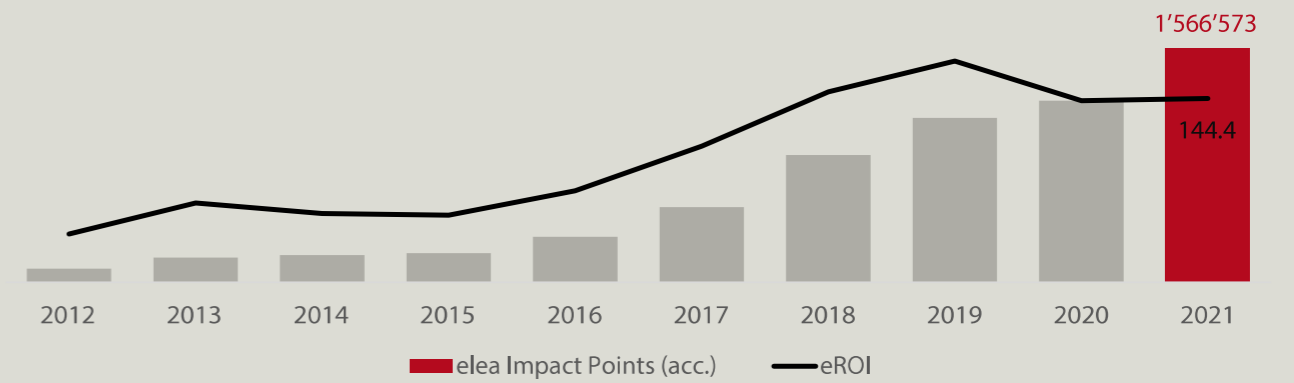
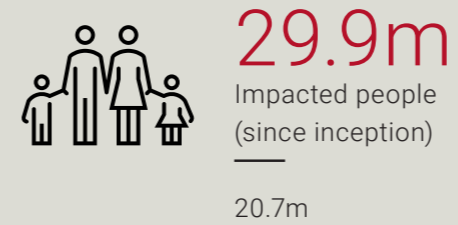
Andreas Kirchschräger



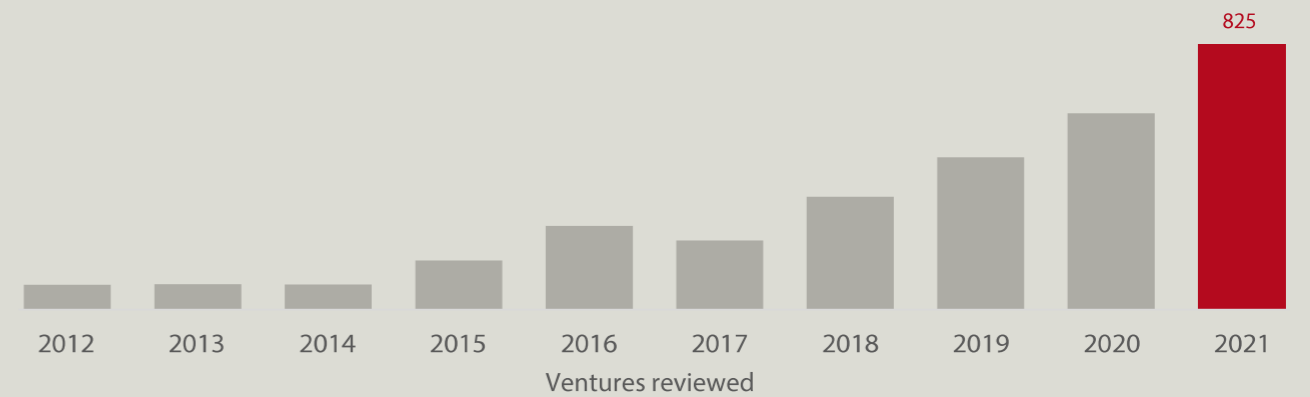
A micro-retailer in Nairobi who receives support and skilling from Smart Dukas (source: Smart Dukas Nairobi).

2021 at a glance

> Significant impact growth



> Strong activity in new and existing impact ventures

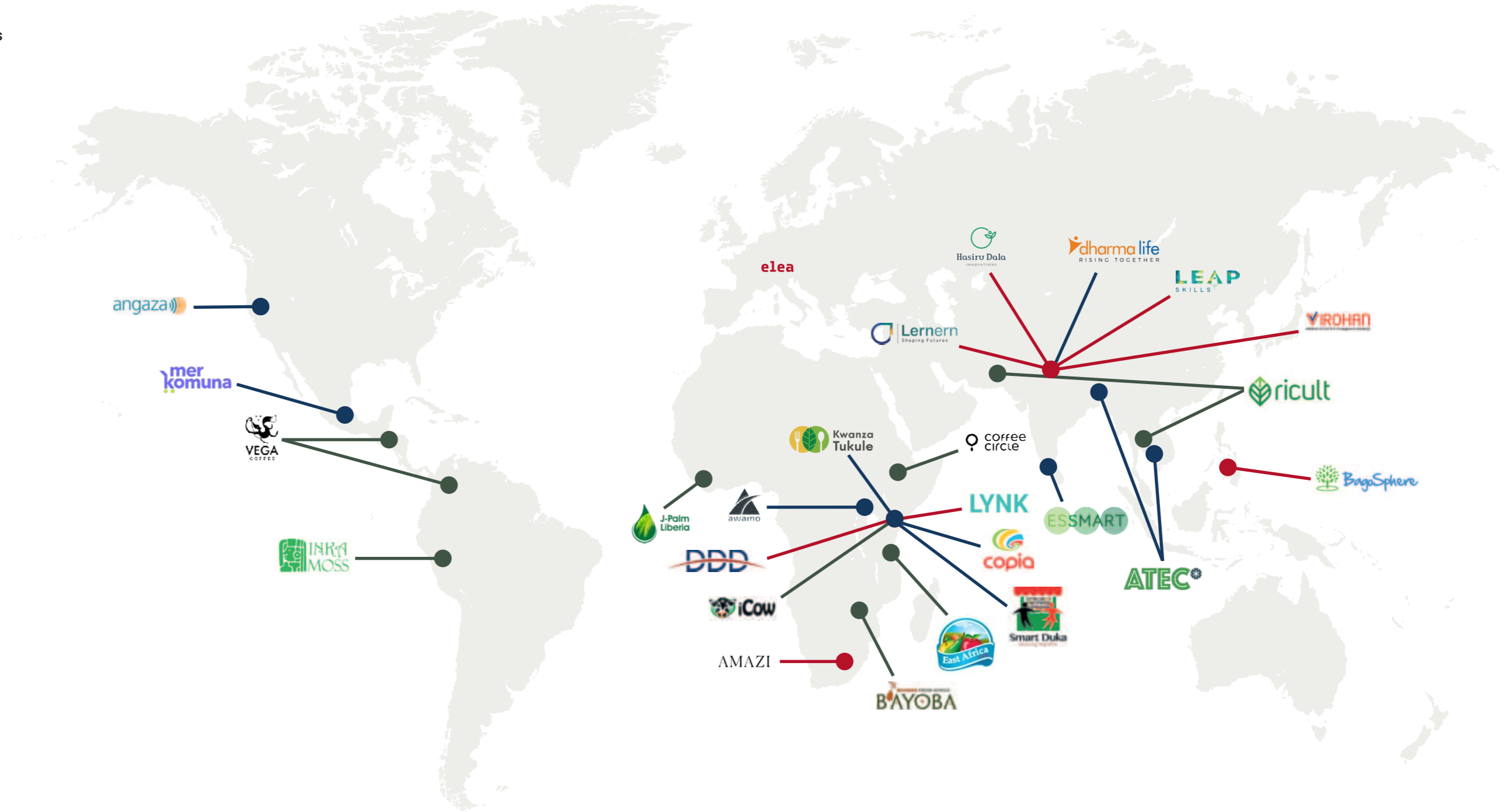


Note: For more details on KPIs see respective sections of this document; 2020 value below separation line.

Active portfolio

Focus topics

- **Employable skill building**
Access to vocational skill training and employment opportunities
- **Global agricultural value chains**
Access to cash income for smallholder farmers
- **Informal retail and last-mile distribution**
Access to affordable, socially impactful goods and services





Employable Skill Building (ESB)

Through vocational skill training or capacity building programs, socially disadvantaged people obtain a chance to achieve a secure livelihood as well as to live a more independent and dignified life. elea supports entrepreneurial projects and social companies who create market-oriented opportunities for able and motivated but underprivileged youth that allow them to directly apply their improved or newly acquired skills upon completion of the training.



8

Ventures



0.3m

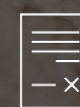
Lives touched

Students in India during a practice lecture as part of their healthcare technician course (source: Virohan).



Global Agricultural Value Chains (GAVC)

With the livelihood of 70% of the population in emerging economies depending on the agricultural sector, solutions to effectively enhance smallholders' productivity are an urgent need. Improving the quality of produce in accordance with ecological and fair trade standards is also growing in importance. As most of these farmers still have no direct access to local, regional, or global markets, elea invests in partners who help to build skills and aim to optimize specific links in the (global) value chain.



8
Ventures



1.4m
Lives touched

Rural smallholder farmer in Liberia harvesting the fruit of wild palm trees (source: J-Palm Liberia).



Informal Retail and Last-Mile distribution (IRLD)

In less developed countries, most products and services are sold in the informal retail market. Lack of adequate infrastructure and inefficient market structures limit the availability of innovative solutions, and make customers often pay a hefty premium. eea supports initiatives that strengthen the capacity of micro-merchants (oftentimes single mothers who are marginalized) and of distribution systems to increase value creation and provide access to affordable goods.



9

Ventures



28.2m

Lives touched

A micro-retailer in the outskirts of Mexico City who is part of the Merkomuna network (source: Merkomuna).



Waste picker working for our portfolio venture Hasiru Dala Innovations in India (source: Hasiru Dala Innovations).

New investments

Investments in new portfolio ventures



ATEC provides sustainable and affordable clean cooking products to base of the pyramid households in Cambodia and Bangladesh. The venture leverages Pay-As-You-Go technology and carbon-credits to make its products accessible.



Hasiru Dala Innovations is a waste collection and recycling company that partners with informal waste pickers and empowers them to participate in waste value chains. The company provides pickers with access to training and resources, thereby dignifying one of the lowest ranked professions in India.



J-Palm operates an innovative model which sources organic and sustainable palm oil in rural areas in Liberia. Post harvest, the company produces health and beauty products for the local market as well as bulk oil for exports. Through working with smallholder farmers, J-Palm leverages a previously underused resource.



Kwanza Tukule, which means "Let's eat" in Swahili, is a Kenya-based last-mile delivery company supplying food vendors in informal settlements with a reliable and low-cost supply of essential cooking ingredients.



Lernern offers fully accredited vocational training degrees to blue-collar workers in India. In partnership with corporations, the venture provides on-the-job training and digitally facilitated learning journeys that enable careers that can sustainably improve livelihoods.





Divya Vasant, Founder and CEO, Amazi (source: Amazi).

Fostering the elea Entrepreneurs' Community (eEC)

elea spoke to Divya Vasant, Founder and CEO of Amazi, about the value of the elea Entrepreneurs' Community.

In your view, what does it take to succeed as an entrepreneur?

Self-work: Our business becomes your mirror. When you do not actively invest in your self-development you often allow your insecurities to seep into the way you interact with people.

Your gut: Your intuition is your compass. Learning to listen to your gut and to trust in it is so important and can save you from emotionally and financially taxing decisions.

Numbers: To engage in the numbers of your business is to confront the very real trade-offs that happen every day just for you to survive.

How is the eEC supporting you on your journey as an entrepreneur?

There is such power in bringing a community of like-minded people together and creating the opportunity for them to engage. Ultimately, we all have the same objective: Having a meaningful social impact. I have reached out to many of the entrepreneurs I have met to ask for their advice or input on challenges I am facing and likewise I have really enjoyed being able to share my learnings to make a difference in another entrepreneur's journey.

What has been the value add(s) of the eEC for Amazi? For you personally?

It is so easy to be consumed by the running of your business and it is a constant challenge as an entrepreneur to "take a step back" from what you are building to think and reflect. The eEC created many moments where I could engage in divergent thinking. Whether it was through a session at IMD that sparked my brain differently or it was in conversation with other entrepreneurs that helped me challenge my assumptions, I found the space I needed to step back and look at how we are evolving. All in all, the eEC constitutes a unique environment to exchange with like-minded impact entrepreneurs.

What are your expectations on the way forward?

I hope to be able to nurture the organic connections I have made with so many of the other entrepreneurs. We have already begun adding value to each other through conversation. I hope we can take that beyond conversation to shared learning and collaboration to further grow our social impact.



About the eEC

The eEC constitutes a core element of elea's engagement with its partner organizations. The eEC is a catalyst for impact through entrepreneurship where elea entrepreneurs can interact, exchange ideas, co-create, and develop capabilities in areas that are critical to both achieving impact and entrepreneurial success. As part of the eEC, elea offers a leadership development program for social impact leaders in partnership with the elea Center for Social Innovation at IMD Lausanne.

Amazi



Amazi supports training and employment in the beauty sector as a solution to structural unemployment problems that particularly affect women in South Africa's lowest-income areas, so-called townships.

Social impact

The elea Impact Measurement Methodology (eIMM)

From the outset, we have made a commitment to systematically measure and manage our impact. By using the eIMM, elea pursues several goals: First, the methodology supports rational capital allocation when deciding on new investments. Second, the eIMM guides elea through the process of setting impact goals and tracking progress. Third, it allows for a comparison to be made between ventures that are sometimes very different in nature. And fourth, it serves as an important instrument for delivering clear and transparent communication. elea regularly contributes to the public discourse on impact measurement (see QR code).

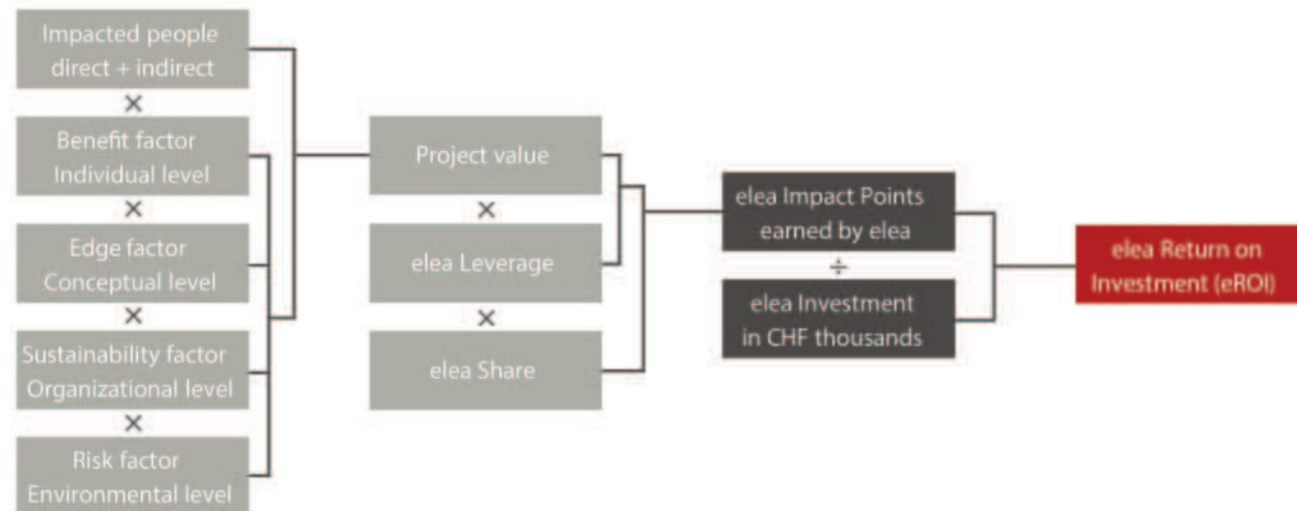


Figure 1: Schematic model of the elea Impact Measurement Methodology (eIMM)

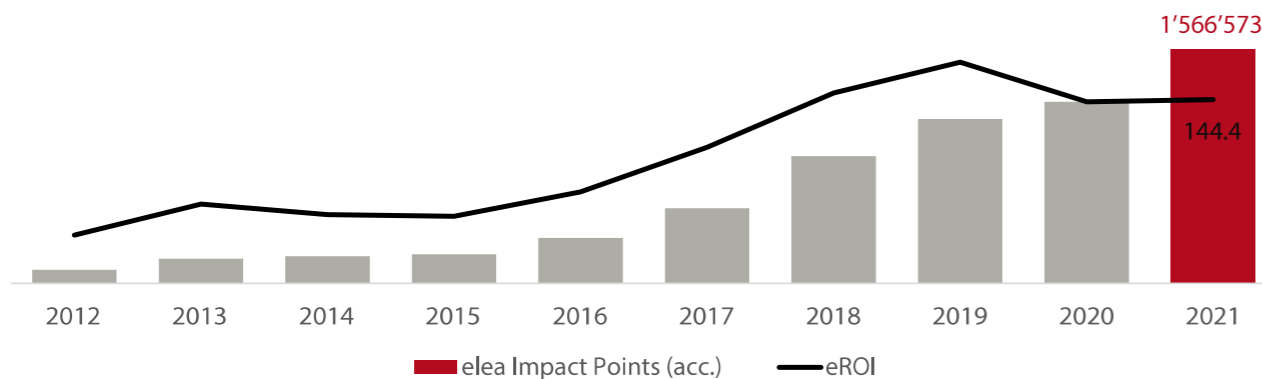


Figure 2: elea Impact Points and elea Return on Investment (eROI) since 2012



Figure 3: Regional and sectoral allocation of elea's active portfolio in 2021

Impact development in 2021

In 2021, elea was able to significantly extend its impact reach and intensity thanks to the successful growth of many ventures. As a result, elea's impact since inception, as measured by elea Impact Points, increased to 1'566'573 – a remarkable growth of 19% compared to last year. This growth is also a result of our continued extensive hands-on support and advice for our ventures. Many still had to work hard to re-imagine their business and impact model in response to the pandemic. The elea Return on Investment, calculated by dividing elea Impact Points by Swiss Francs invested in thousands, slightly increased to 144.4.

Audit and partnership with BDO

Since 2011, BDO AG, Switzerland, a company of the international BDO audit firm network, has carried out elea's annual impact audit. We are pleased that BDO has acknowledged that our impact measurement method is in line with the Swiss auditing standard PS 950.



IFC Operating Principles for Impact Management

elea is a signatory to the Operating Principles for Impact Management by the International Finance Corporation (IFC). Signatories commit to the implementation of a global set of nine principles that seek to ensure that impact considerations are integrated throughout the investment lifecycle, further capital is mobilized, and a high standard for the targeted social and environmental impact is fostered. elea is proud to be among the 158 (as of April 2022) signatories across the globe.



Individuals from an Andean community Inka Moss sources from (source: Inka Moss).

Our model: The elea Flywheel

In elea’s operating model, three components reinforce each other to create maximum impact.

The first core component is **philanthropic impact investment management** (the process of finding and supporting investments). This is nurtured by the second component, a **philanthropic investors’ circle**, which refers to a group of personalities and organizations that enable elea’s activities through their financial and non-financial support. The third component is the **professional development program**, which describes the way in which elea recruits, develops, and retains its professional staff.

As elea makes new, impactful investments, it reinforces the appetite of existing investors and attracts new philanthropic investors. A growing capital base thereafter helps expand elea’s capacity to source, evaluate, and fund new investments.

Important additional layers supporting this model are elea’s knowledge base, such as the elea Impact Measurement Methodology (eIMM), the insights gained from collaborating with the elea Center for Social Innovation at IMD, and the community of elea entrepreneurs, investors, and team members (including alumni).

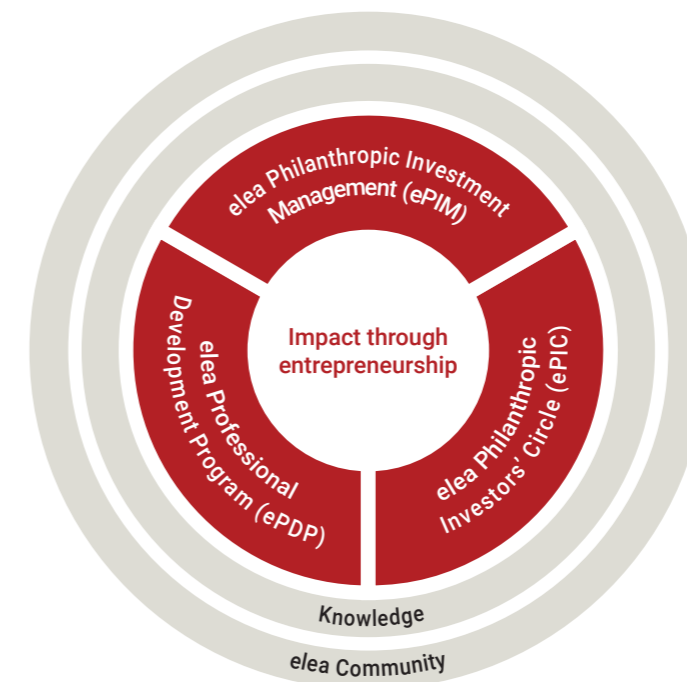


Figure 4: The elea Flywheel

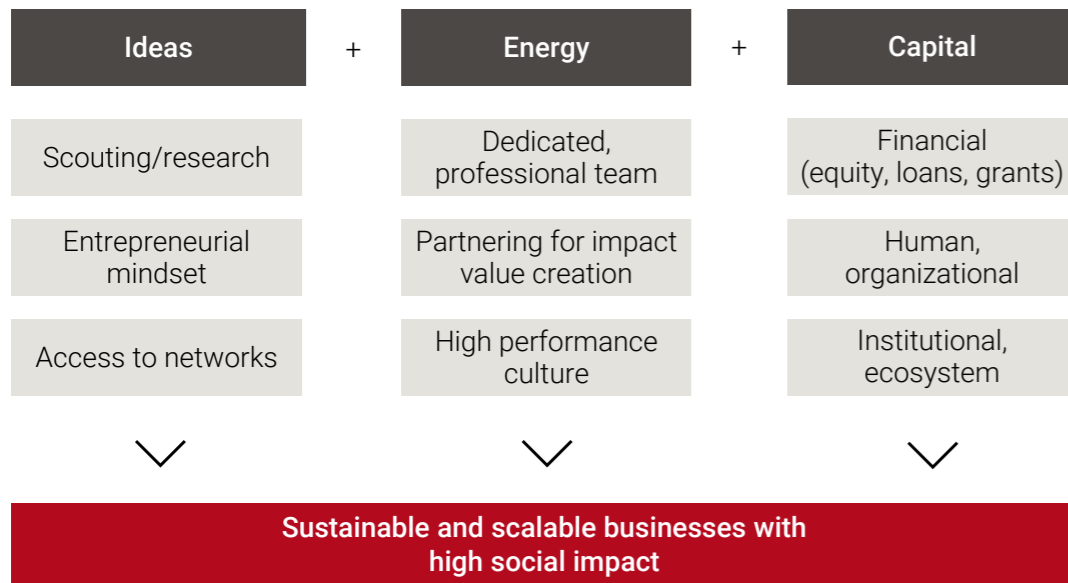


Figure 5: How we work

Philanthropic investment commitment

Adding value to an investee company beyond financial capital has been a core principle at elea from the outset. We dedicate substantial resources to impact value creation through systematically supporting our portfolio ventures in the form of capital (equity, loans and grants), support, and assistance. This includes strategic advice provided by our corporate partners as expert assistance.

Philanthropic investment management

Impact enterprises face significant challenges in the early stages of their development. Working with a customer group with low ability to pay, entrepreneurial promises do not yet translate into significant revenues and both strategic and operational risks are high. This stage is often referred to as the pioneer gap where patient capital coupled with strategic support is required. Given the small size of an investment relative to the high cost of sourcing and due diligence, commercial investors cannot fill that gap.

As a philanthropic foundation within the wider impact investing ecosystem, elea places its focus on such early-stage impact enterprises. Our aim is to support those ventures in developing sustainable solutions for poverty alleviation. We, therefore, build long-term partnerships with entrepreneurs where we can add value to the development of a partner organization beyond our capital (see Figure 5).

What do we invest in?

Across Africa, Asia, and Latin America, elea supports entrepreneurial solutions that have a substantial and measurable social impact at the base of the pyramid by creating opportunities to improve livelihoods in regions of the world where average daily incomes are USD 3 per capita or less. Investments focus on three thematic areas: employable skill building, global agricultural value chains, and informal retail and last-mile distribution.

Activity 2021

2021 continued to be characterized by the impact of the pandemic with the necessity to intensively support our existing portfolio ventures. Despite those challenges, we were able to extend our portfolio to 25 active ventures, totaling five new investments across our thematic areas.

Our criteria

Significant impact for our target group

elea supports ventures that create a meaningful and sustainable improvement for people living below USD 3 per day. Our partners run competitive ventures where impact generation is integral to the core business. That entrepreneurial approach is our lever to sustainably create impact.

Scalable business model

An investment requires a strong conviction on the potential of the model and a solid proof-of-concept. elea needs to see a sustainable growth path for the impact.

Convincing team

elea engages at an early stage of a venture's development cycle where uncertainty is high. The founding team's commitment, passion and skills are decisive. We thus spend a lot of time on getting to know our potential partners, as well as aligning on how we can support them.



elea entrepreneurs Diana Michael, Dominikus Collenberg, and Megha Aggarwal at our annual investors' event (source: elea).

Philanthropic investors' circle

External capital providers are key facilitators to enable the elea model. The elea Philanthropic Investors' Circle targets entrepreneurially minded personalities, companies, and foundations that would like to use elea's professional platform for their philanthropic engagements aimed at fighting absolute poverty.

Partnering with philanthropic investors

Our offering is straightforward: Philanthropic investors who share our investment philosophy, values, and impact aspirations have the possibility to allocate their contribution to specific elea portfolio companies – depending on their individual preferences in terms of themes, geographies, and specific enterprises. They can thereby combine a tax-deductible philanthropic donation with having a personal stake in elea's portfolio of direct investments.

Our investors also have the opportunity to get personally engaged, depending on their appetite and capacity. While some investors are satisfied with one annual briefing on the status and impact achieved within their portfolio, other investors support their investments on-site through specific professional guidance on their area of expertise. Some investors also chose to include their family in their elea engagement as a way of creating social awareness.

Apart from private investors, a range of foundations support our differentiated, impact-oriented model, based on a professional, value-aligned partnership. They entrust us with capital and appreciate the substantive dialogue. To our corporate investors, we act as a bridge-builder between the world of internationally active companies on the one hand and social enterprises in low-to-middle-income countries on the other. We offer a platform for innovative strategic partnerships and for a credible and effective approach to corporate social responsibility. In addition to financial contributions, employees of some of our partner companies contribute their specialist expertise to elea investee companies on-site, which ultimately benefits everyone involved.

As a yearly highlight, our investors meet and exchange with like-minded peers at our annual Philanthropic Investors' Circle event, in 2021 held at the newly renovated Kongresshaus Zürich. The event offered a unique opportunity to get first-insights from four of our entrepreneurs from India, Pakistan, Tanzania, and Zimbabwe.

Commitment

We would like to thank our Comité de Patronage and the members of our philanthropic investors' circle for their trust, support, and important contribution to elea.

Are you interested in joining elea in its fight against absolute poverty and becoming part of our philanthropic investors' circle? All philanthropic investments directly support our venture work: 90% are allocated to investments in ventures worldwide while the remaining 10% contribute to elea's pipeline work of finding and evaluating impact ventures. To learn more, please get in touch with us at info@elea.org.

If you would like to support our work with a donation, we are happy to receive your transfer on our bank account (IBAN: CH93 0023 0230 4091 61M2 B).

Strengthening our team: Talented professionals joined us

We are pleased to welcome the following new elea team members:



Greta Carioli joined the elea Talent Program as an Associate in September. Before that, she contributed to the development of the ROSE framework at START Global, focusing on impact assessment for startups. She holds a B.A. in Business and Economics from the University of Bologna and an M.A. in Economics from the University of St. Gallen.



Benoît Demaurex joined elea as an Executive Director in October. Prior to this, he worked in consulting at Accenture Strategy and was Head of Finance in the building material industry. He holds a B.A. in physics from EPFL, a Master in Management, Technology and Economics from ETHZ and an MBA from IE Business school.



Lars Flükiger joined elea as an IT analyst in July. After his apprenticeship as a computer scientist, Lars Flükiger worked for several years as a Java Software Engineer at Siemens / ATOS. He then completed the general qualification for university entrance. Alongside his work at elea, Lars is studying Philosophy and Political Science at the University of Zurich.



Arnaud Schuele joined the elea Talent Program as an Associate in September. Prior to this, he worked with Terre des Hommes Suisse, BlueOrchard Finance Ltd., and the Oxford Poverty and Human Development Initiative (OPHI). He holds a B.A. in Economics and an M.A. in Quantitative Economics and Finance from the University of St. Gallen.



Isabelle Sun joined the elea Talent Program as an Associate in September. She completed an M.A. in Quantitative Economics and Finance, as well as the CEMS Double Degree Master in International Management at the University of St. Gallen. Parallel to her studies, she gained insights into Management Consulting and the media industry.



Elena Torresani joined elea as Head of Communications & Partnerships in November. Before that, she led the strategic and operational management at the Hear the World Foundation. She holds a B.A. in Business Administration from Lucerne University of Applied Sciences and Arts and is completing a CAS in Development and Cooperation at ETHZ.

Professional development program

elea aspires to be the employer of choice for professionals who want to have a career in impact investing.

At elea, we aim to leverage know-how and expertise to support impact creation across our portfolio. Philanthropic impact investing is highly challenging work that requires dedication, talent, skills, and performance-driven attitudes similar to those required by venture capital and private equity investment organizations – but with a primary focus on social impact. Our professional team improves the quality and distinctiveness of our portfolio through sourcing, evaluation, and ongoing mentoring and support. This extensive focus on leveraging capital contributions with professional expertise is quite unique and sets elea apart from more traditional philanthropic work.

Our professional development program is embedded in a culture characterized by strong partnership values and flat hierarchies. It encourages learning, development, and contribution by each member of the team. While we strive to offer a stimulating and rewarding work environment and are committed to investing in the development of our team members, we expect every member to be exceptionally committed, to take on responsibility for their work, and to be aligned with elea's vision, mission, and values.

elea has been fortunate to attract and retain great people due to its inspiring work and its unique organizational culture. As of 2021, the leadership team has an average tenure of twelve years with elea. Over time, elea has also built up and empowered the elea team of the next generation by recruiting young professionals and developing them internally to take on leading roles within elea. Having worked in global consulting companies and financial services firms, selected young professionals joined elea after taking part in an assignment on the ground for our portfolio companies, thereby complementing the team with valuable field experience. In the last three years, elea has also started to recruit recent graduates as part of the elea Talent Program, which aims to inspire new generations of professionals to pursue a career in impact investing. Through on-the-job training, internal and external training, and intensive mentoring, they are equipped with the right skills for building a meaningful career and providing support to elea in our fight against absolute poverty with entrepreneurial means.

Talent program at a glance

Recruiting 2021

In 2021, we selected 3 candidates out of 53 applications to join elea as Associates.

5 Associates currently in the elea Talent Program

Our Associates are a diverse group with strong academic track records from leading universities, such as the University of St. Gallen, the University of Cambridge and HEC Paris.

Several weeks of formal trainings

Besides extensive mentoring on-the-job through senior team members, our Associates benefit from selected training inputs in cooperation with our partners Accenture and Houlihan Lokey.

Four principles to support effective governance

A flat organizational structure with promotion criteria based on skills and experience

elea's hierarchy differentiates between categories of evolving skills and experiences that are relevant to its professional requirements as an investment organization. As a result, more responsibilities are given to people with higher levels of skills and experience, which in turn contribute to overall quality and risk management.

An open and learning-oriented culture based on a sense of partnership

This attitude encourages transparency about both good and bad outcomes and experiences, and it includes a continuous commitment to defining and implementing lessons learned.

Substance over form

Both in relation to our ventures as well as within elea, we avoid formalistic reporting activities that are only pro forma and do not indicate substantive issues.

Involvement above independence

We believe in checks and balances between people who have different perspectives but are both involved in the same activities rather than having independent controls by people who are not involved. As an example, our investment teams are led by a "team captain" but supported and challenged by a "senior sponsor" with relevant experience in the respective investment area.

Governance

Governance means the sum of philosophies and principles, as well as rules and processes that shape and inform elea's decisions and operating practices to optimally realize its purpose and vision while minimizing unwanted risks. For an organization like elea that makes commitments over a long-term (7–10 years) with uncertain outcomes and impact, an effective governance approach is a key element of success.

elea is a nonprofit, tax-exempt foundation according to Swiss law and is under the surveillance of the Swiss Federal Foundation Supervisory Authority. Therefore, the basis for its governance is compliance with the law, in general, and with specific foundation and tax regulations, in particular. In addition, elea's governance is bound to its Foundation Deed, which was established on November 29, 2006, as well as to its regulations (initially approved by the Board of Trustees on December 8, 2006, with subsequent revisions). As a member of SwissFoundations, we operate in line with the principles of the Swiss Foundation Code for foundations.

In the following subsections, we describe elea's governance philosophy, its institutional governance framework, and its risk policy.

Effective governance in our daily work

A cornerstone of elea's approach to governance is that it is an integrated part of its operating model and its day-to-day work. As described above, elea's operating model is characterized as a fly-wheel of three components: philanthropic investment management, the philanthropic investors' circle, and the professional development program. These three components not only reinforce each other in growing elea's impact but also include important elements of quality and risk control.

As an example, our active philanthropic investors' circle will want to understand and challenge our investment decisions and the ongoing performance of our ventures, thereby encouraging our focus on quality and risk control. Furthermore, our talented and ambitious team has the professional skills and capacity to thoroughly investigate our ventures during a due diligence process and to continue monitoring the impact and performance of our ventures during elea's active investment period.

elea Board of Trustees



Dr. Peter A. Wuffli is a Founder of elea and Chairman of the Board of Trustees. He is Honorary Chairman of IMD, serves on the board of Sygnum, and is Vice Chairman of the Zurich Opera House. Previously, he was a Partner at McKinsey & Company, CEO of UBS Group, and Chairman of Partners Group and IMD. He earned a Ph.D. in Economics from the University of St. Gallen.



Dr. Susanna Wuffli is a Founder of elea and a Member of the Board of Trustees. She holds a Doctorate in Law from the University of Zurich, was admitted to the Bar of the Canton of Zurich, and practiced law publicly and privately before founding her family. While raising three children, she continued to contribute her legal expertise to several organizations, and is a board member of her local Church.



Dr. Harold Grüninger LL.M. has been a Member of elea's Board of Trustees since its establishment. He is an attorney at law, a certified specialist SBA in inheritance law, and a Partner of Homburger. He is Co-Editor of the Swiss journal for succession law *successio*, a founding Member and Vice Chairman of proFonds, and is a member of the Legal Council of SwissFoundations.

elea Leadership Team



Andreas R. Kirchschräger has been CEO of elea since inception. He serves as President of the Max Schmidheiny Foundation, as Senior Advisor to Houlihan Lokey, and on the boards of Blue Earth Capital AG and the HSG Foundation. He led the St. Gallen Symposium and the St. Gallen Foundation for International Studies for over a decade. He holds an M.A. in Law and Economics from the University of St. Gallen.



Stefan Kappeler is COO of elea and joined the organization in 2011. Prior to this he worked for Esri Switzerland, both in Eastern Africa and in Europe. From 2006 to 2009 and in collaboration with a local university, he built up an office in Kigali and a flourishing business in Rwanda. He holds an MBA from the University of St. Gallen and an MSc in Geography from the University of Zurich.



Adrian Ackeret is CFO of elea and joined the organization in 2013. He is also Deputy Managing Director of the Max Schmidheiny Foundation. From 2005 to 2009, he was with the St. Gallen Foundation for International Studies. Subsequently, he worked as a research associate with RISE Management Research. He holds an M.A. in Management from the University of St. Gallen.

Institutional governance framework

The **Board of Trustees** is elea's ultimate governance body. Its responsibilities are to:

- Appoint the CEO and the leadership team.
- Ensure the effective and efficient allocation of resources.
- Ratify investment decisions.
- Supervise financial performance and asset management.
- Continuously develop elea's strategy and organization (together with the Leadership Team).
- Approve plans, budgets, and annual financial and impact reports.
- Ensure regulatory compliance and systematic risk control; acknowledge audit reports and findings.

The board includes Peter Wuffli (Chairman), Susanne Wuffli, and Harold Grüninger and meets approximately six times per year.

The **Leadership Team** is accountable to the Board of Trustees for elea's results, performance, and operations on a daily basis. It is led by the CEO, and its main responsibilities are to:

- Manage elea's financial and professional resources in an effective and efficient way.
- Develop and manage relations with philanthropic investors.
- Continuously develop elea's strategy and organization (together with the Board of Trustees).
- Define operational objectives and establish tasks and processes with clear accountabilities.
- Appoint elea team members to venture boards.
- Inspire elea's ethics, values, and culture on a daily basis according to "The elea Way".
- Manage and further develop the risk framework.

The Leadership Team includes Andreas Kirchschräger (CEO), Stefan Kappeler (COO), and Adrian Ackeret (CFO). It meets on a weekly basis. Depending on the agenda, the Chairman also attends the meetings.

The **Investment Committee** is responsible for elea's investment process. It has the mandate to:

- Define procedures and standards for investment decision-making.
- Debate and decide on investment recommendations to be proposed to the Board of Trustees.
- Assign accountabilities for ventures.
- Control the quality of investment-decision analyses and documents.

The Investment Committee includes the Chairman, the Leadership Team, and two rotating members of elea's broader management team (Executive Director/Director). It meets as often as needed.

External audit

The accounting firm BDO Switzerland performs two annual audits on elea.

— A regular audit of elea's annual accounts (financial statements overall and individual venture assets, changes in foundation capital, appendix). Swiss GAAP FER is the chosen basic accounting standard.

— An annual independent assurance report on compliance with the elea Impact Measurement Methodology (eIMM). It thereby applies the Swiss auditing standard PS 950.

— Since inception, elea has always had unqualified audit results.

— In addition, elea's statutory accounts and audit report have to be filed with the Swiss Federal Supervisory Authority for Foundations. The authority's mandate is to ensure that the foundation endowment is used for its purposes.

Comité de Patronage

While not integrated in any formal governance role, elea can count on the support of its **Comité de Patronage**. The Comité was created in 2010 and includes a small number of distinguished leaders and entrepreneurs who share a passion for elea's purpose and long-term development. The Comité de Patronage includes Pascal Couchepin, Lord Griffiths of Fforestfach, Marianne and Martin Haefner, Maria and Felix Haldner, as well as Manuela and Jürg Schaeppi. It meets on a yearly basis.

Six principles articulating the desired culture at elea

The same agenda

Our common agenda is to contribute to the success of elea's impact ventures, their impacted people, and elea as an organization.

Involvement

Basis for alignment to the same agenda is involvement in elea's activities. Involvement means transparency on developments, events, decisions, and intentions. Surprises should be avoided. It calls for ideas, views, and opinions on common subjects from all of us. It only works with uncompromising integrity, discretion, and trust.

Respect

Each member of the team deserves the respect of colleagues. Respect becomes evident when we actively listen to each other to understand each other's perspectives and convictions. It also calls for assuming good faith and best professional efforts when judging each other's views and actions. Respectful relationships require that conflicts between individuals are being resolved directly between the ones involved. Talking badly about colleagues behind one's back is disrespectful.

Debate

Important and controversial issues and decisions require intense, open debates within the team. Critical and sensitive arguments and opinions need to be articulated within the confines of human politeness, irrespective of hierarchies. Mental reservation on important decisions is unacceptable. Equally unacceptable is to extend the debate beyond the team, once a decision has been made.

Mutual support

Each member of the team must view colleagues as partners. A partner is somebody who wishes for and contributes to the success of fellow partners. Support can range from providing open and honest feedback and encouragement to active help in key business and personal issues.

Contribution

An effective partnership lives from the success achieved as a result of individual contributions. Contributions can vary in their nature and over extended periods of time. However, team members who cease to contribute, will lose their right to partnership.

Code of conduct

Since elea's creation in 2006, we have strived to live up to a clear purpose and a strong commitment to high ethical standards. The Code of Conduct summarizes the key principles and rules which inspire and guide our behaviors in our daily work. It applies to the entire elea team and our relations with our partners, stakeholders, and other third parties.

Working environment

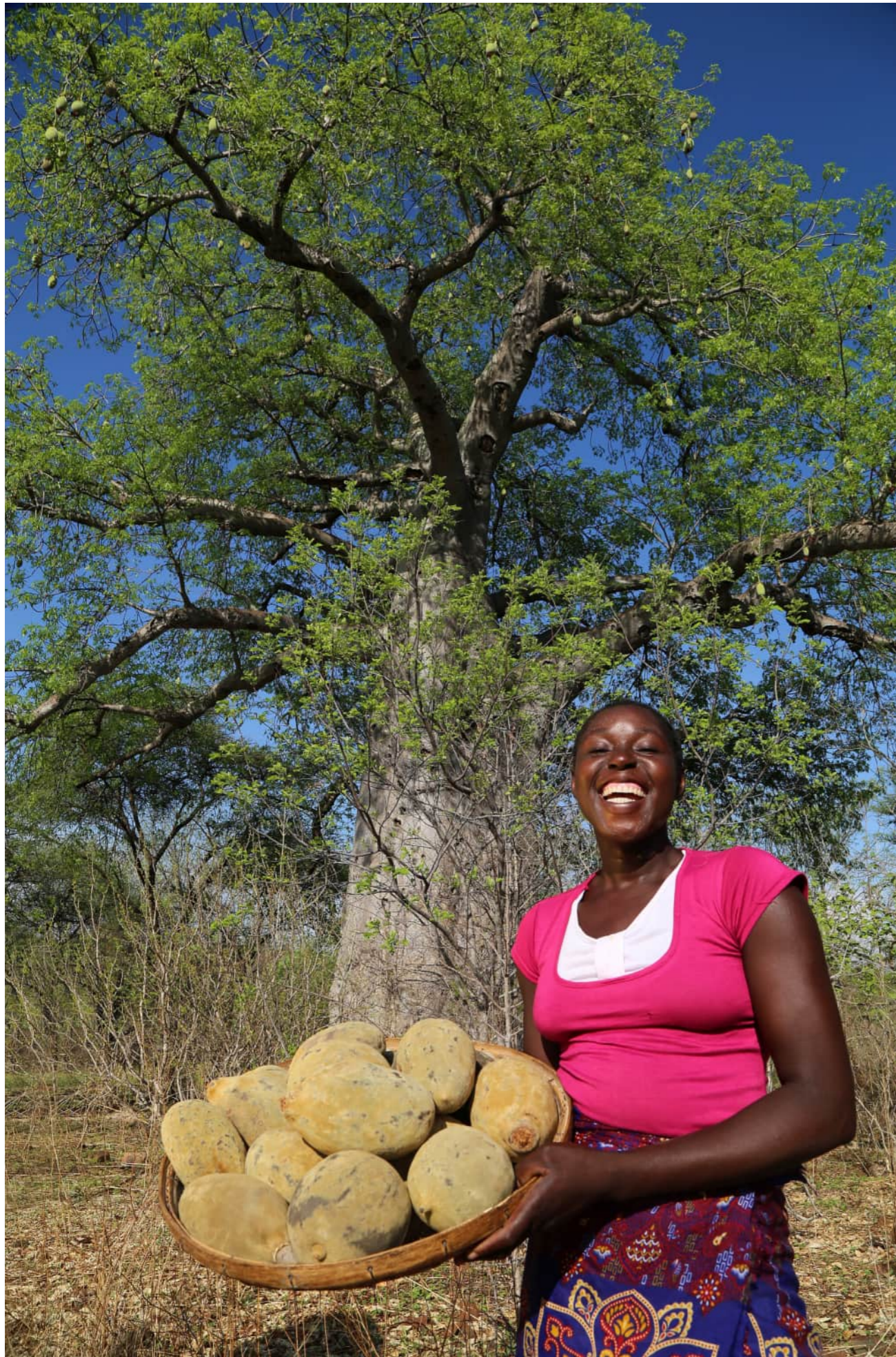
elea is proud of its professional and harmonious work environment. Since the beginning, elea's culture has been shaped by partnership values. The principles to the left guide our thoughts and behaviors on how to leverage the power of partnership in our collaboration within the elea team as well as with our impact entrepreneurs and stakeholders.

elea supports diversity and inclusion. We do not tolerate discrimination or harassment of any form related to ethnic or national origin, religion, marital status, sex, gender, sexual orientation, age, health, or any other basis that is inconsistent with our guiding values.

Hiring decisions at elea are based on merit, qualifications, and abilities. We are an equal opportunity employer. Employment status, promotions, and compensation are based on equal opportunities of team members or applicants. Team members uphold both the reality and the perception of our meritocracy and do so in a caring way, with respect, dignity, and empathy.

Partners

As a professional team, we have a culture of working together. While not a partnership in a legal sense, this culture is shaped by partnership values (outlined to the left). At elea, we believe that fighting absolute poverty with entrepreneurial means requires a joint effort of various stakeholders. This is why we aspire to live our partnership culture beyond the internal team. These partnerships include our venture partners, our philanthropic investors, our academic partners, and other third parties within the wider impact investing ecosystem.



Smallholder farmer picking up baobab fruits that are sourced by our portfolio venture B'Ayoba in Zimbabwe (source: B'Ayoba).

Compliance, security, and integrity

Compliance with laws and regulations: We must adhere to all legal and regulatory provisions within the regions in which we operate. In cases of doubt, consultation with peers and/or escalation to superiors is advised in order to apply best available judgement.

Active management of conflicts of interest: Our venture partners, our philanthropic investors and our team are all aligned in their purpose and efforts to fight absolute poverty with entrepreneurial means. Yet, there may be situations where different professional and/or personal interests are in conflict. In real or perceived conflicts of interest, we are called to proactively make such conflicts transparent and to seek appropriate solutions to address and manage them. We consult, if there are questions about a situation, and we actively escalate in case we have serious concerns about individual behaviors.

Against corruption and no bribery: elea operates a zero-tolerance approach to the offering or receiving of bribes in any form. elea team members and anyone acting on elea's behalf must not offer or accept gifts intended to influence preferential treatment for ourselves, our colleagues, or any third party. All team members and service providers are expected to conduct themselves with integrity, impartiality, and honesty at all times. We actively seek to uncover and fight corrupt practices wherever we see them.

Protection of privacy and data: elea is committed to protect the privacy, interests, and fundamental rights of individuals and pays close attention to the processing of personal and venture data. Team members are required to maintain and preserve the confidentiality of information entrusted to elea by our venture partners, philanthropic investors or other third parties. In addition, elea has appointed an IT security officer who is – among other duties – responsible for elea's technical measures supporting its information security compliance and protecting the integrity of its data against cyber attacks.

Environment: We are committed to minimizing the impact elea has on the environment. elea as organization but also each individual team member take environmental impact into consideration when making choices about how we work (i.e. waste, travel, resource use). While our main focus is on helping poor people, we care for and support environmental progress toward a more sustainable ecological footprint. We identify, evaluate, and select impact ventures that – at a minimum – are not environmentally harmful, but whenever possible contribute to socially relevant global environmental goals, such as decarbonization.

Standards

We are committed to minimizing risks for our people, organization, and partners wherever possible. Managing this risk requires the commitment of all elea team members to the standards outlined to the left.

Risk policy

The Board of Trustees has approved a risk policy that articulates elea's approach to risk control and sets out its principles, process, methods, and organization to identify, measure, manage, and control risks. It is focused on risks at the operational level. Meanwhile, additional risks concerning strategy, investing sustainability, capital-raising capacity, people, and the organization are regularly reviewed in board and leadership meetings.

Types of risks

Impact risk

The risk of not delivering on the social impact objectives of its investments. This includes risks at the level of portfolio companies and projects.

Counterparty risk

The risk of financial loss from contractual obligations not being honored by elea's counterparties.

Investment performance risk

The risk of financial loss resulting from fluctuations in the values of, or income from, elea's balance-sheet assets.

Operational risk

The risk of loss from errors or fraud in internal processes or through external events. This includes risks from travelling to poor countries and regions.

Reputational risk

The risk of damage to elea's effectiveness and efficiency due to a loss of respect in the eyes of its external stakeholders and the public at large (resulting from other risks).

Principles for risk management

All elea team members are expected to adhere to the following principles for risk management:

- **Risk culture and mindset:** elea is a risk-taking organization; its purpose and vision requires and enables taking risks to achieve social impact. Open mindedness and risk awareness are therefore critical elements of elea's culture and a key foundation to differentiate between wanted and unwanted risks.
- **Diversification:** The most effective way to mitigate the damage of risks is to avoid concentrations of exposures to single risk factors (e.g. country, investment organization, counterparty).
- **No (avoidable) surprises:** Risks can only be identified and managed when we become aware of them and communicate them accordingly. It is everybody's responsibility to bring risks to elea management's attention without any delay. It is the management's responsibility to „never shoot the messenger“.
- **Risk ownership:** Once a risk has been identified and assessed, clear accountabilities must be established to minimize the damage. Thereby, the sense of urgency should exceed the one applied by efforts to make new investments.
- **Diligence:** As we protect elea's tangible and intangible assets, we should all adopt the same care and diligence that we apply to our own assets.

Risk management process and methods

- **Impact risk management:** The regular project and board of trustees meetings and the annual impact reporting process (PIPR) should surface impact risks that are outside of normal developments and therefore need to be managed differently. In general, we will ensure that the portfolio continues to be balanced across themes, geography, maturity (early versus late) and type (equity, loans, grants). In addition, we will reduce concentration risk by introducing formal risk limits on single investments and country exposure. An additional mechanism is to elevate both communication intensity and sense of urgency for those investments viewed as troubled.
- **Investment performance risk management:** Like most foundations, we also bear responsibility for significant liquid financial assets on our balance sheet. A professional asset management firm, overseen by our finance committee, manages these financial assets in a diversified manner and in line with best Environmental, Social, and Governmental (ESG) practices. Regular meetings of the finance committee with our asset manager and monthly performance reports ensure an adequate assessment of the values and risks.
- **Counterparty risk management:** These are risks we should avoid! Therefore, we should establish high hurdles before entering into counterparty risks and we should be creative in finding ways to avoid or minimize to the maximum extent the probability of loss as a result of such a risk. Collateral as well as (explicit or implicit) guarantees from family members are helpful in this respect. As they are rare, a systematic process is not appropriate. Rather we should apply best possible judgment on each specific case.
- **Operational risk management:** These risks are again risks we want to avoid. The best way for this is to uphold high standards of excellence in all we do. Acknowledging and learning from mistakes is a key method to avoid re-occurrence. A systematic four eye principle in all actions that lead to significant transfer of resources is in place. Areas we focus particular attention on are 1) dealing with politically exposed persons, 2) travelling in dangerous regions, and 3) managing cyber risks.
- **Reputational risk management:** This risk is the one that can least be systematized, measured and managed. At the same time, it is a very serious risk that – in an extreme case – can threaten elea's existence. It is a risk that everybody working for or on behalf of elea is responsible for by his behaviors and his actions.

Risk appetite

Of the risk types elea is exposed to impact risk and investment performance risk are both risks we do take in the normal course of business. For these two risk types our task is to optimize the risk relative to our deployment of resources at both the level of the risk portfolio as well as the individual risks incurred. The process for these two risk types should therefore prescribe the necessary steps in defining, measuring, managing and mitigating risks incurred.

On the other hand, counterparty, operational and reputational risks are risk types we do not want to take. There, the task is to adopt methods that help avoid or mitigate risks.



Our CFO Adrian Ackeret (far left) and Professor Vanina Farber (center front) during a trip in Peru with the IMD EMBA class (source: IMD).

Our contribution to the ecosystem

elea is committed to creating awareness for the development of social innovation, impact investing, and entrepreneurial philanthropy. For this purpose, elea contributes in lectures and takes part in conferences, publishes articles and papers, partners with leading institutions from the sector, and fosters an active dialogue with the community via social media.

elea Chair for Social Innovation

The elea Chair for Social Innovation was initiated at the IMD Business School in Lausanne in 2018, to embed the practical work of elea in an appropriate framework for reflection from an academic perspective. Through this initiative, IMD and elea have joined forces to systematically create further knowledge in the field of social innovation and the role of inclusive market-oriented approaches to tackling social problems. The resulting insights are leveraged through publications, teaching, and outreach to social entrepreneurship and business communities.

Professor Vanina Farber has from the outset incorporated the experience of elea in the Chair's teaching and research. The elea team is regularly contributing to MBA classes on Impact Investing. A highlight of the cooperation in 2021 was our active participation in the IMD EMBA class' week-long excursion to Peru, visiting and evaluating impact ventures in Lima that successfully align impact and commercial goals.

Impact Finance Forum

In 2021, we entered into a multi-year partnership with the Impact Finance Forum. This newly founded forum creates space for a constructive dialogue between decision-makers and thought leaders on the subject of sustainable investing in Switzerland. By applying and sharing our 15+ years of expertise, we aim to raise awareness of philanthropic impact investing and influence the broader investment ecosystem. In this way, we support the strategic development of a responsible financial sector.

In the media

Over the course of the past two years, we have established a very active social media presence on LinkedIn, Facebook, Twitter, and Instagram. We share investment updates, team activities and actively participate in discussions on key topics of our industry. In addition, elea has been actively contributing and participating in discussions taking place in leading Swiss key media on new ways of philanthropy, a topic where elea has established itself as a thought leader and pioneer.



>125 (+75)
posts written and shared
>2'900 (+1'400)
followers across all
channels
>175'000 (+75'000)
unique impressions

Imprint

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*"When we met elea we were thinking of fundraising but we had no idea where to begin.
The elea team built our capabilities to be investor ready."*
Khadija Mohamed Churchill, Founder and CEO, Kwanza Tukule

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