

# Fighting absolute poverty with entrepreneurial means

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elea Annual Review 2022



elea

*"elea has a deep concern for humanity, and they believe that, together,  
we can transform poverty's position in the world."*  
Alice Waweru, Entrepreneurship Portfolio Lead, Smart Dukas, TechnoServe, Kenya

## Our purpose

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

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## 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.

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## Our values

**People:** We work for the benefit of people. Improving livelihoods and protecting the dignity of individuals is at the core of our endeavors. 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.





*A rickshaw driver who owns an electric vehicle (venture: SMV Green Solutions, India)*

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Dear elea Stakeholders,

The world around us has hardly ever been so challenging. Within just a short period of time, and on a global scale, we have experienced the adverse ramifications of a pernicious pandemic, brutal wars, and climate change, which have manifested themselves, among other things, in rising inflation, as well as food and energy crises. And yet again, people living in poverty are experiencing these predicaments the most acutely.

At our annual strategy meeting, we devoted a significant amount of time to our “elea 2030” vision and discussed possible future scenarios. Two conclusions were uncontroversial: First, absolute poverty will regrettably remain widespread in the near future and is more likely to be on the rise. Second, ongoing turbulence and uncertainty will further increase the need for impact entrepreneurs given their visionary power, creative energy, inspiration, and resilience.

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“By 2030, we aim to triple our impact and reach 100 million people, which represents 5 percent of about 2 billion people earning less than USD 3 per day.”

– Peter Wuffli

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These conclusions have led us to an ambitious growth mandate for elea: we want to build on our

already strong platform and have an even greater impact on the global fight against absolute poverty. Since elea’s inception 16 years ago, through our portfolio companies, we have supported over 46 million people in their efforts to significantly improve their lives.

A growing challenge for people living in absolute poverty is the impact of climate change. If left unchecked, climate change will push up to 130 million people into poverty over the next 10 years and could cause over 200 million people to migrate within their own countries by 2050. To enhance the climate resilience of communities and mitigate climate change, elea has decided to add a fourth topic, “Climate and livelihoods”, to its current investment focus (pp. 10–19).

In 2022, we once again invested substantial resources in searching for and reviewing new investment opportunities. We are pleased to announce that, as a result, five innovative impact ventures have been added to our portfolio: Arbusta in Argentina, Pricepally in Nigeria, SMV Green Solutions in India, Signalytic in Uganda, and Voalá in Guatemala (p. 21). In addition, we have opened an elea Africa Hub in Johannesburg to amplify our presence and capacities in that region.

In the fourth quarter, elea started the preparations and negotiations for a partial exit from Virohan, which is pioneering an innovative educational model in India's booming healthcare sector. While remaining a committed Virohan shareholder with a smaller stake, the funds released from this partial exit will enable elea to invest in new impact ventures. It is also important to note that India will remain a focus area for future elea activities in Asia (p. 23).

# Letter from the Chairman and the CEO

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One of last year’s highlights was the first in-person gathering of the elea Entrepreneurs' Community at the IMD campus in Lausanne in September for the on-site module of our “Leading for Impact” program. This group of entrepreneurs could hardly be more diverse across countries and cultures, investment topics, personality types, backgrounds, and perspectives. During this event, we were able to witness how this unique community continues to unfold its great potential by exchanging ideas on a personal level, learning from one another’s experiences, and growing as leaders and impact entrepreneurs (p. 45).

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“One common goal unites us all: to fight absolute poverty with entrepreneurial means effectively and thus contribute to a better world.”

– Andreas Kirchschräger

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A diverse, eventful, and productive year lies behind us, and we could not have achieved all this without our committed team, our philanthropic investors, and the friends of elea. We are likewise thankful that external capital providers, such as entrepreneurially minded personalities and families, companies, and foundations, enable our impact model. Accenture is an example of a highly valued, long-term corporate partner that has supported multiple impact ventures through financial and in-kind contributions (p. 31).

We would also like to express our special gratitude to the elea Comité de Patronage for its generous, long-standing trust and commitment.

Looking ahead, in 2023, we will begin shaping our organization to prepare for the successful and efficient implementation of our ambitious “elea 2030” vision. We plan to further selectively strengthen our teams operating in Zurich and Johannesburg, as well as in Mexico City, where we are setting up an elea Hub for Latin America. Having elea Hubs in some of our focus regions facilitates our ability to leverage local know-how, networks, and communities for finding and partnering with impact ventures. These hubs, along with the regional activities of our elea Entrepreneurs' Community, enhance our contribution to local and regional ecosystems, and together, they are a source of inspiration and learning.

We thank you for your continued interest in elea and for supporting our efforts to fight absolute poverty with entrepreneurial means.



**Dr. Peter A. Wuffli**  
Founder & Chairman

*Peter Wuffli*



**Andreas R. Kirchschräger**  
Founding Partner & CEO

*Andreas Kirchschräger*

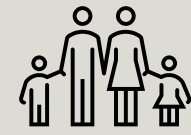


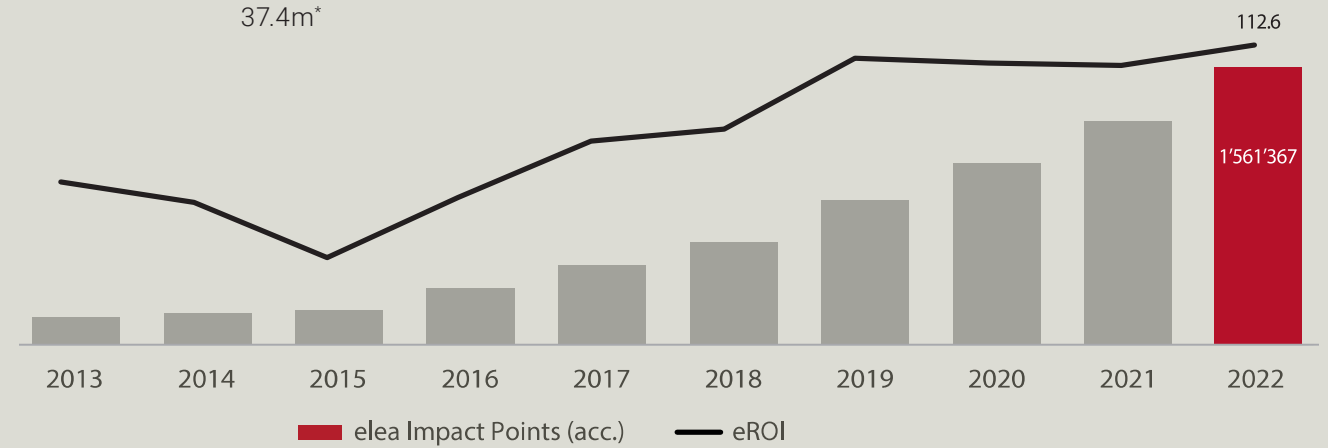


A nail technician serving a customer at an AMAZI Beauty Bar at a Woolworths department store after graduating from AMAZI Academy (venture: AMAZI, South Africa)

# 2022 at a glance

## > Outstanding impact growth

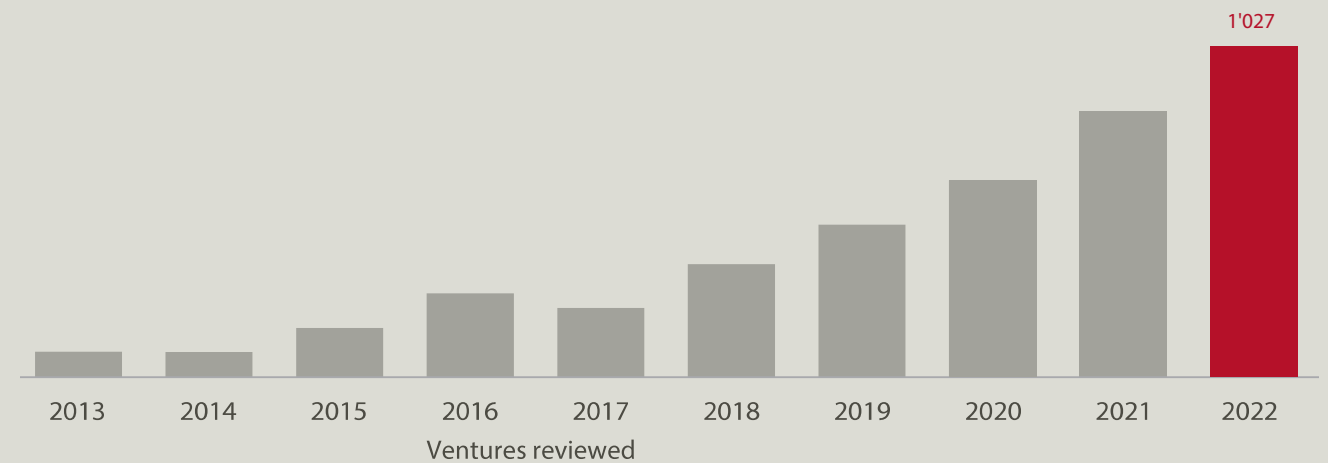

**46.1m**  
 Impacted people  
 (since inception)  
 37.4m\*



## > Strong pipeline and expansion of impact portfolio


**28 / 5**  
 Active investments / thereof new  
 25 / 5\*


**6**  
 Add-on investments  
 7\*



\*Note: For more details on KPIs, see respective sections of this document; 2021 value below separation line.

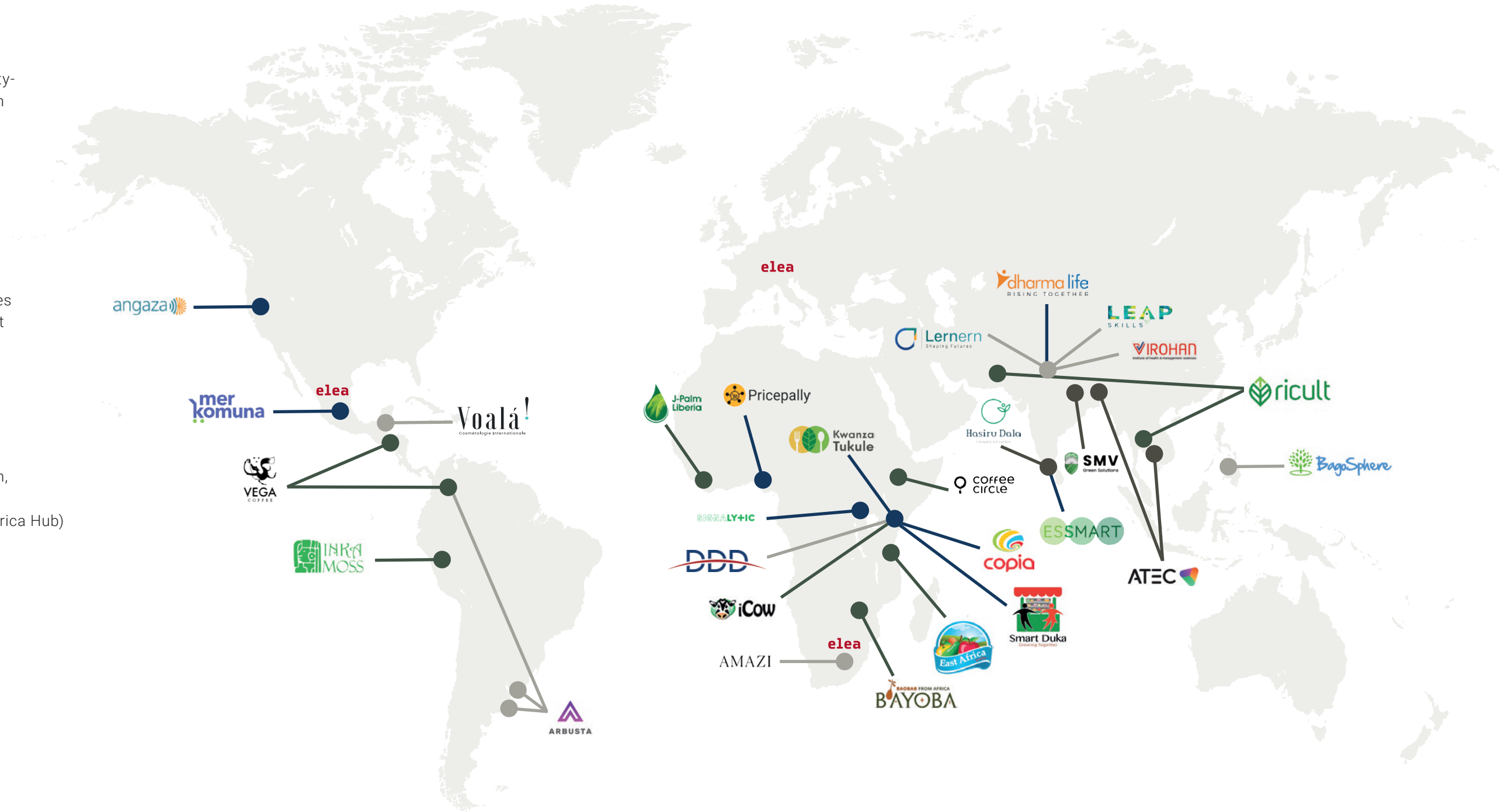
# Active portfolio 2022

## Focus topics

- Agricultural value chains**  
 Access to income and market opportunities for smallholder farmers
- Last-mile retail and services**  
 Access to affordable, productivity-enhancing goods and services in underserved communities
- Employable skills**  
 Access to training in practical and 21st-century skills and employment opportunities
- Climate and livelihoods**  
 Access to livelihood opportunities through innovative solutions that increase climate resilience and mitigate climate change

### elea

The elea Team is based in Zurich, Johannesburg (elea Africa Hub), and Mexico City (elea Latin America Hub)



elea Portfolio





## Agricultural value chains

The livelihood of up to 70% of the population in low- and middle-income countries depends on the agricultural sector. We invest in impact ventures with innovative business models aimed at effectively enhancing smallholder farmers' productivity and improving the quality of their produce according to ecological and fair-trade standards. As most of these farmers have no direct access to markets, elea portfolio companies help to build skills and foster the direct integration of smallholders into agricultural value chains.



8  
Ventures



3.4m  
Impacted people

*A collection-center employee controlling the quality of bananas (venture: East Africa Foods, Tanzania)*





## Last-mile retail and services

Most goods and services in low- and middle-income countries are sold on the informal retail market. A lack of adequate infrastructure and inefficient market structures limit the availability of goods and services and often result in customers having to pay a hefty premium for them. We invest in impact ventures that strengthen the productivity of small merchants and enable their integration into digital supply and distribution systems. With innovative entrepreneurial solutions, eia portfolio companies build the adequate infrastructure needed to increase the availability of socially impactful and productivity-enhancing goods and services at fair prices.



9  
Ventures



41m  
Impacted people

*Brothers and proud shop owners who could grow their business substantially since joining the Essmart network in 2020 (venture: Essmart, India)*





## Employable skills

One of the greatest challenges in fighting absolute poverty is equipping young people with the necessary skills to earn a living after their basic education. We invest in impact ventures that offer market-oriented practical and 21st-century skills training for motivated youth from low-income households to create pathways for them out of poverty. Once the students have completed their training, elea portfolio companies help them to find employment and thereby secure their existence, so that they can live a more independent life with new economic perspectives.



8  
Ventures



350k  
Impacted people

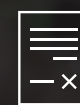
*Young talents working on a client IT project at Arbusta (venture: Arbusta, Argentina)*





## Climate and livelihoods

If left unchecked, climate change will push up to 130 million people into poverty over the next 10 years and could cause over 200 million people to migrate within their own countries by 2050. People living in absolute poverty are hit the hardest by the effects of climate change. We invest in impact ventures with innovative business models that enhance the climate resilience of communities and mitigate climate change. elea portfolio companies strengthen the ability of social and economic ecosystems to cope with the consequences of climate change and, in doing so, fight absolute poverty.



3  
Ventures



30k  
Impacted people

*A waste worker recycling plastics at a waste aggregation facility (venture: Hasiru Dala Innovations, India)*





A vendor describing the quality of Yam at a market in Lagos (venture: Pricepally, Nigeria)

# New investments

## Investments in new portfolio ventures



**Arbusta** recruits youth from low-income households in Latin America who would otherwise not have access to training and employment in IT. Their on-the-job skills development program unleashes the talent of these young professionals. It allows Arbusta to provide affordable, high-quality IT services to businesses in Latin America and the US.



Arbusta



**Pricepally** operates an efficient distribution network for fresh produce and basic commodities, thereby helping Nigerian households to reduce their food bill. They leverage technology, bulk buying, and direct sourcing from farmers to reduce costs. Pricepally can thus offer fresh food items at discounted prices while adhering to high quality standards.



Pricepally



**Signal+IC**, a Canada-based technology company, digitizes remote health centers in Uganda and enables their integration into medical supply chains. Rural facilities gain access to relevant information and effective stock management, thereby improving patient care in Uganda, their first country of operations.



Signal+IC



**SMV Green Solutions** helps marginalized Indian rickshaw drivers start operating sustainable micro-businesses by becoming owners of electric rickshaws. They promote behavioral change and open opportunities for women in a male-dominated industry. SMV is becoming a trusted holistic "one-stop-shop" for rickshaw drivers by providing support with financing, training, maintenance, and other services.



SMV



**Voalá!** is a female-led beauty care franchise for women micro-entrepreneurs in Guatemala. Within the network, franchisees gain access to exclusive discounts, tailored training programs, and customer acquisition strategies. As a result, the model supports growth in shop incomes, increases employment opportunities, and empowers women to successfully lead and grow beauty businesses.



Voalá





Virohan founders (from the left) Kunaal Dudeja, CEO, Nalin Saluja, CTO, and Archit Jayaswal, CFO (venture, Virohan, India)

# Exit case: Virohan

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## A significant strategic achievement

At the end of 2022, elea agreed to exit from a major part of its shareholding in Virohan, a transaction that was closed in the first weeks of 2023. This represents our first equity exit from a venture in India. It marks a significant strategic achievement, as it further validates our model of early-stage philanthropic impact investing. Following our principle of additionality, we want to commit our resources where we can make a difference while avoiding long-term dependencies. Thus, within the elea model, exits are both feasible and necessary when philanthropic capital is no longer required and ventures can attract more commercially oriented funds. We carefully plan exits and are patient in realizing them to ensure that the focus on impact is preserved.

## The successful evolution of Virohan's impact model

In 2019, together with Artha Impact, elea became Virohan's first early-stage institutional investor since we were impressed by their impact model and founders. Virohan's partnership system leverages existing educational institutions as partners, thereby enabling them to scale their impact and contribute to modernizing India's educational sector while addressing the urgent need for talent in healthcare. During the pandemic, Virohan demonstrated remarkable resilience and pushed technological development within the company to achieve fully digital operations. This evolution led to a successful pre-series B fundraising round in 2022.

In recent years, elea has been closely supporting Virohan's strategic development, as a member of the board of directors, with many additional touchpoints between the Virohan team and elea's leadership team, as well as other members of the elea Entrepreneurs' Community. When Virohan closed its pre-series B fundraising round in 2022, it attracted new commercial investors to scale its operations further and drive growth. Alongside Artha Impact (Rianta Capital), which remains a vital anchor investor, Blume Ventures became the new lead investor.

At this point, elea's most active role as a philanthropic early-stage investor has largely been fulfilled. We will remain a committed shareholder with a smaller stake beyond the partial exit. The capital released from selling some of our shares enables us to invest in new impact ventures, with India remaining a focus area for future investments.

## About Virohan

Virohan, founded by Kunaal Dudeja, Nalin Saluja, and Archit Jayaswal, trains technical and administrative healthcare professionals.

They offer youth from low-income households access to vocational training, which prepares them for administrative and technical jobs with aspirational career perspectives in the healthcare sector. This is particularly noteworthy given that it is one of the fastest-growing industries in India and the largest employment-generating sector globally.



# Social impact

## elea's impact performance in 2022

From an impact perspective, 2022 was another year of strong results from our ventures across all sectors and geographies, which demonstrates the extraordinary commitment and performance of our partners. As a result, elea Impact Points grew above average by 303'248 points, reaching a total of 1'561'367 points. This growth is also a result of the continued strong hands-on support and advice that we provide our ventures. The elea Return on Investment has slightly increased to 112.6 (see figure 1).

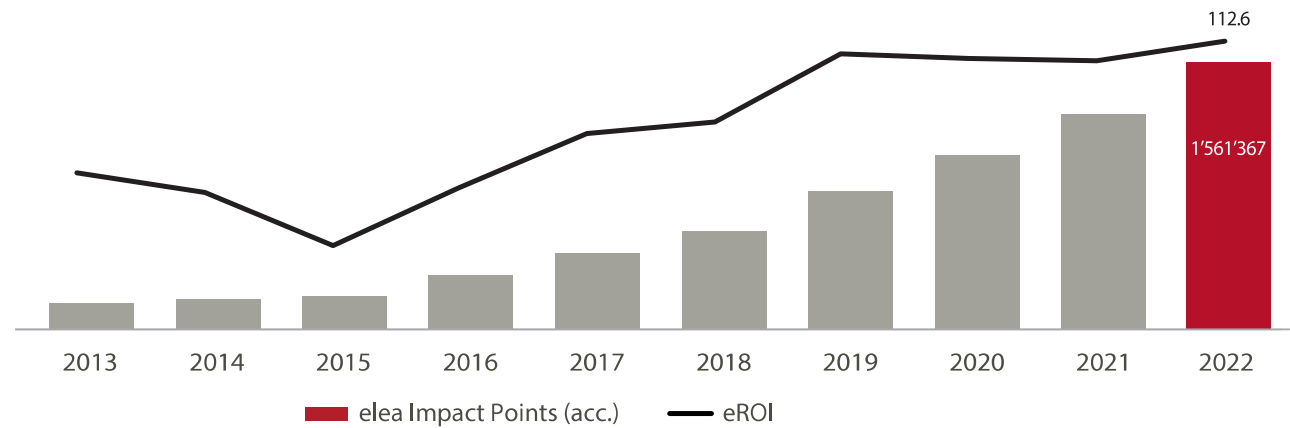


Figure 1: elea Impact Points and elea Return on Investment (eROI) since 2013

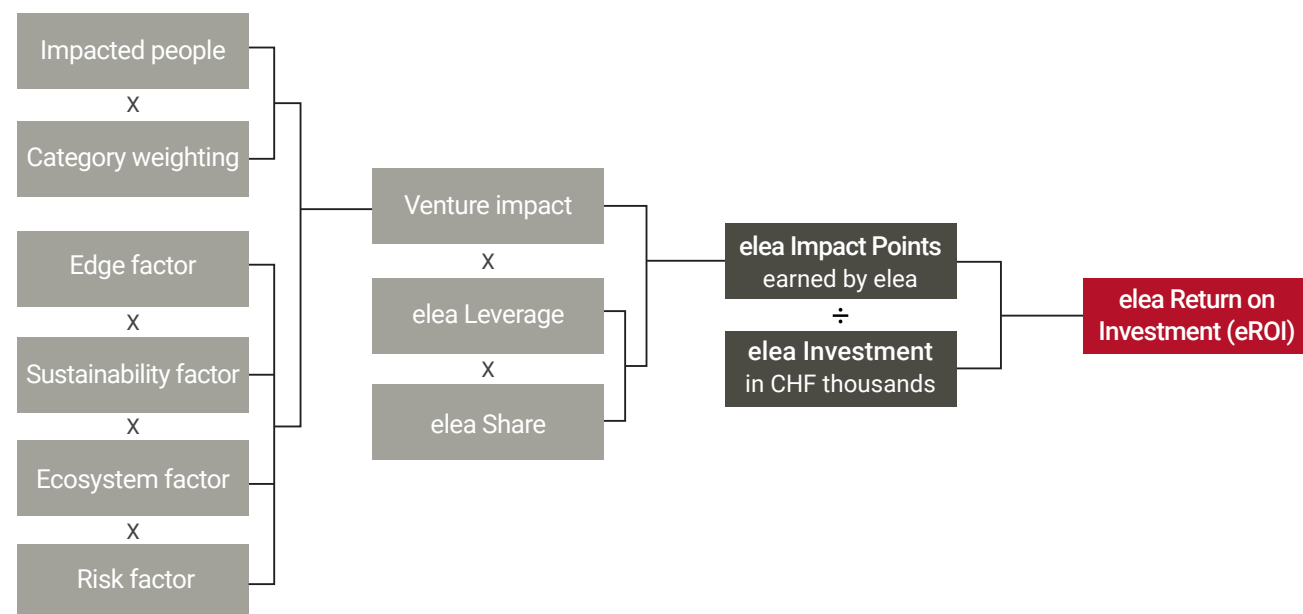


Figure 2: Schematic model of the elea Impact Measurement Methodology (eIMM)

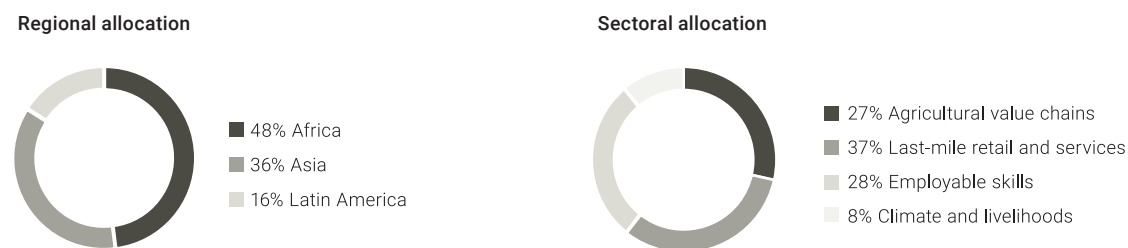


Figure 3: Regional and sectoral allocation of elea's active portfolio in 2022

## A decade of impact measurement

Since its launch, the elea Impact Measurement Methodology (eIMM) has proven to be an effective instrument for measuring sustainable and scalable social impact (see figure 2). It has become an essential tool in the investment process for efficiently allocating resources and continuously sharpening our understanding of the impact levers. Similarly, in our engagement with investors and partners, it has been an important contributor to the creation of a common language for discussing and understanding social impact.

## Revision of the eIMM

The Philanthropic Investment Performance Report 2022, which was handed out to our philanthropic investors, is the first report to use an adjusted version of our proprietary methodology. Looking back at the wealth of experience and data that we have gathered over the years and taking recent sector developments into account, we decided to review our proprietary methodology. With this revision, we would like to ensure that the eIMM further supports us in achieving our ambitious impact goals while setting a benchmark in terms of professional impact management.

The **key methodology updates** include:

- Incorporation of explicit theories of change supported by elea, which allows for an increased specificity and comparability of the impact
- Measurement of the impact by applying a consistent annual perspective to improve the traceability and clarity of the impact performance
- Integration of environmental dimensions in the risk assessment framework to reflect key developments in elea's view on impact

These updates were closely coordinated with BDO AG, Switzerland, a company of the international BDO audit firm network. As it has done every year since 2011, BDO audited elea's annual impact report in 2022 and acknowledged the eIMM's alignment with the Swiss auditing standard PS 950.



## IFC Operating Principles for Impact Management

The impact investing sector has developed rapidly in recent years, not only bringing new capital into the sector but also new standards and frameworks. At elea, we are regularly engaging with the wider community to contribute our expertise to the dialogue and continuously learn from best practices.

The Operating Principles for Impact Management were identified by elea as a particularly relevant initiative. Thus, elea, as one of the 173 signatories, is committed to ensuring that impact considerations are systematically integrated throughout the investment life cycle. These principles provide an overarching and widely recognized investment approach that is fully compatible with the eIMM.





A farmer receiving agricultural advice on her cell phone (venture: iCow, Kenya)

# 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**, which is 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 to expand elea’s capacity to source, evaluate, and fund new investments.

Important additional layers that support 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).

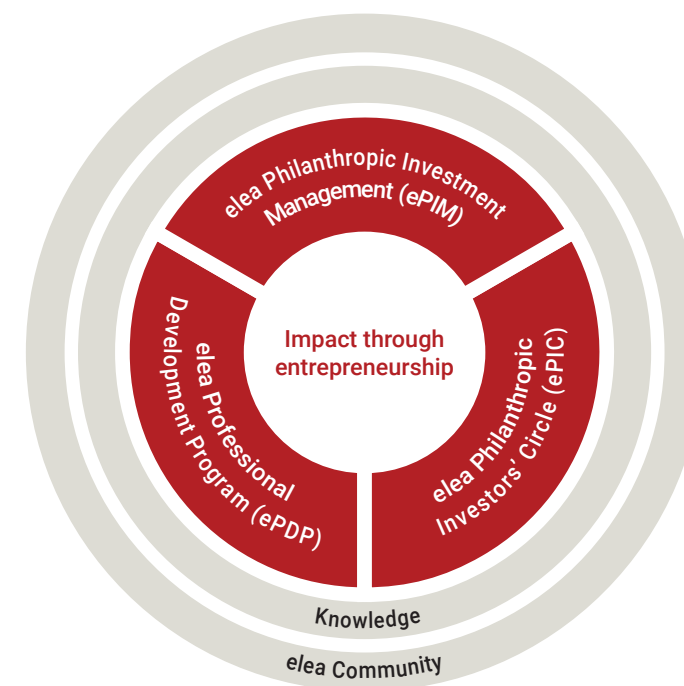


Figure 4: The elea Flywheel



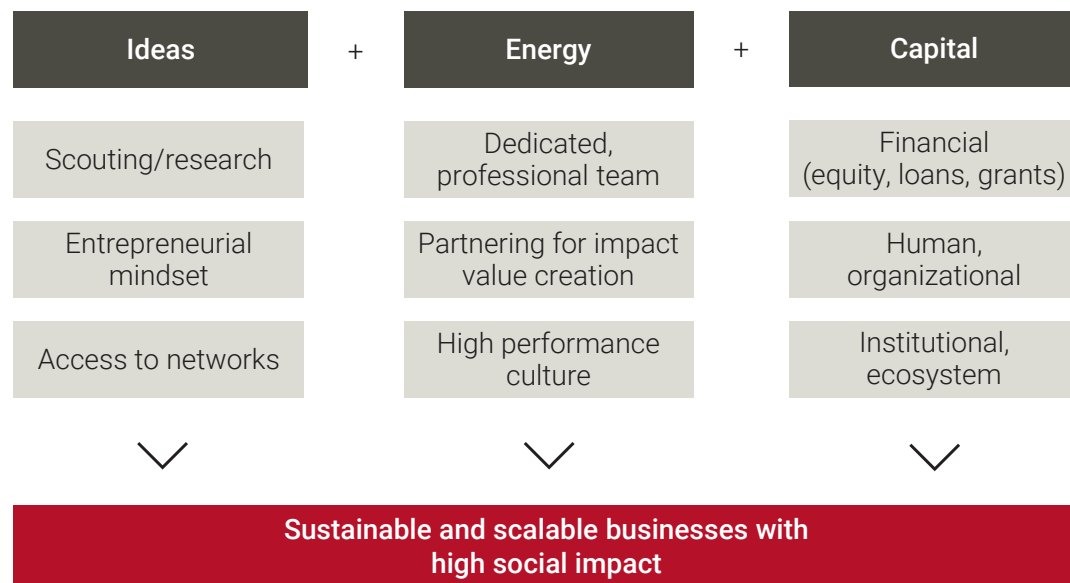


Figure 5: How we work

## 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 by supporting our portfolio ventures, especially in establishing governance, shaping strategy, and improving financial management. For this, our team places a strong emphasis on building a partnership approach, thus acting as an enabler for the venture team to grow.



Impact investing

# Philanthropic investment management

Impact enterprises face significant challenges in the early stages of their development. Working with a customer base that has a limited 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 the investment that these impact enterprises need relative to the high cost of sourcing and due diligence that must be carried out by potential investors, commercial investors are unable to fill that gap.

As a philanthropic foundation within the wider impact investing ecosystem, elea focuses on such early-stage impact enterprises. Our aim is to support those ventures in their quest to develop sustainable solutions for poverty alleviation by establishing long-term partnerships with them and adding value beyond our capital (see figure 5).

## What do we invest in?

elea invests philanthropic capital in and provides strategic support to entrepreneurially led ventures that create lasting social impact by giving people living in absolute poverty access to employment, markets, and value chains. Across Africa, Asia, and Latin America, we collaborate with impact ventures that have innovative, economically viable models which catalyze change in their ecosystems and eventually attract further capital. Our investments are centered around agricultural value chains, last-mile retail and services, employable skills, and climate and livelihoods.

## Activity in 2022

In 2022, elea invested substantial resources in searching for and reviewing new investment opportunities. In total, our team viewed 1'027 ventures, wrote 24 preliminary investment recommendations, and completed 13 due diligences. As a result, we were able to extend our portfolio to 28 active ventures by adding a total of five new investments across our four thematic areas. We decided to end elea's engagement with awamo and Lynk, as both of their operations were taken over by other organizations. Once travel restrictions were lifted in 2022, we were again able to fully leverage our strength in impact value creation on-site, in addition to virtual meetings. Furthermore, we opened our first hub in Johannesburg (elea Africa Hub) and started scouting locations for an elea Latin America Hub to amplify our presence and capacities in these regions.

## Our criteria

### Significant impact for our target group

elea supports ventures that create a meaningful and sustainable improvement in the lives of people earning 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 about the potential of the model and a solid proof-of-concept. elea needs to see a sustainable growth path toward the expected impact.

### Convincing team

elea engages at an early stage of a venture's development cycle, when 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 deciding on how we can best support them.





A Dharma Life Entrepreneur selling life-changing and essential goods, such as solar lamps, soaps, induction stoves, and sanitary pads, to the women in her village (venture: Dharma Life, India)

# Philanthropic investors' circle

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The elea Philanthropic Investors' Circle consists of entrepreneurially minded personalities and families, foundations, and companies. With regard to the latter, investing in elea allows businesses to leverage their teams' skills and strengthen their corporate social responsibility activities in a credible, tangible, and sustainable way. Our platform connects their ambitious and talented professionals with innovative impact ventures in low- and middle-income countries. By helping these ventures to solve strategic and day-to-day challenges, these talents are able to grow personally and acquire experience in a new environment.

## Accenture – A corporate engagement success story

Accenture has been a highly valued member of the elea Philanthropic Investors' Circle for more than ten years and has supported multiple impact ventures in our portfolio through financial and in-kind contributions. An outstanding example is their long-term collaboration with Dharma Life. Accenture was involved in developing the company's overall technology strategy and implementing various business initiatives, which include, among others, the design and implementation of an innovative Learning Management System for Dharma Life's Jaya program.

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*"Being a philanthropic investor of elea is a vital component of our contribution to society. By building inclusive digital communities, we create sustainable impact on the lives of people living in absolute poverty."*

– Marco Huwiler, Managing Director Switzerland, Accenture

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In 2022 alone, through its network of rural entrepreneurs, Dharma Life directly impacted more than one million people across India by providing them with affordable and socially impactful goods and services. Accenture has proven to be the ideal partner for helping Dharma Life to manage the complexity of its operations, since the company understands the challenging environment in which Dharma Life operates.

## How to get involved

Are you interested in joining our fight against absolute poverty and becoming part of our elea Philanthropic Investors' Circle? All investments directly support our venture work: 90% are allocated to investments in impact ventures worldwide, while the remaining 10% contribute to elea's pipeline work of finding and evaluating suitable ventures. To learn more, please contact us at [info@elea.org](mailto:info@elea.org).

Alternatively, we would also be delighted if you would like to support our work by making a donation to elea via the following bank account (IBAN: CH93 0023 0230 4091 61M2 B).

elea is a philanthropic, tax-exempt foundation according to Swiss foundation law. Thus, your donations are tax-deductible in Switzerland.



## Strengthening our team

The talented professionals who have joined us in 2022:



**Anna Blunsch** joined the elea Talent Program as an Associate in September. She holds a Bachelor of Arts in International Affairs from the University of St. Gallen and a Master of Arts in International Economic Policy from Sciences Po University in Paris.



**Dagmawit Burki** joined elea as an Assistant in September. She is currently pursuing a Bachelor of Science in Business Administration at the Zurich University of Applied Sciences.



**Dominik Candraia** joined elea as the Head of IT in September. He led the spin-off project "Projekt Neptun" at the Swiss Federal Institute of Technology (ETH) in Zurich and founded Open Circle, where he still serves on the boards.



**Florence Cuénod** joined in November and will support elea until August 2023 as an Assistant. She is currently pursuing a Bachelor of Science in International Management at the Zurich University of Applied Sciences.



**Jacob Greil** joined the elea Talent Program as an Associate in September. He holds a Bachelor of Arts in Business Administration from the University of St. Gallen and a Master of Science in Philosophy from the London School of Economics.



**Beatrice Möckli-Bürge** joined elea as an Assistant from June to December. Throughout her career, she has gained vast experience in hospitality, conference organization, and viticulture.



**Romy Sauer** joined elea as a Communications and Partnerships Specialist in September. She has spent most of her career in marketing and communications within the healthcare sector.



**Pape Sène** joined the elea Talent Program as an Associate in September. He holds a Bachelor of Arts in Business Administration from the University of St. Gallen and spent one semester at ESADE Business School in Barcelona.



**Sarah Zuellig** joined the elea Talent Program as an Associate in September. She holds a Bachelor of Arts in Business Administration from the University of St. Gallen and a Master of Science in Management and Strategy from the London School of Economics.

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Applications / hires for elea Talent Program

# 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 that are 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 contributions by each team member. 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, take responsibility for their work, and 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 unique organizational culture. As of 2022, the leadership team has an average tenure of 13 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 learning, 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 2022

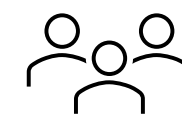
In 2022, we selected 4 candidates out of 59 applications to join elea as Associates.

### 7 Associates currently in the elea Talent Program

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

### Several weeks of formal trainings

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

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Years of our team's investment and value creation experience



## Four principles to support effective governance

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### **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 contributes 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 a system of 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 are supported and challenged by a senior sponsor with relevant experience in the respective investment area.

# Governance

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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 period (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 flywheel 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 wants 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 via 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 at Homburger AG. He is co-editor of the Swiss journal for succession law "successio", a Founder and Vice Chairman of proFonds, and a member of the Legal Council of SwissFoundations.

## elea Leadership Team



**Andreas R. Kirchschräger** is Founding Partner and CEO of elea. 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 MA in Law and Economics from the University of St. Gallen.



**Stefan Kappeler** is Partner and 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, 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 Partner and 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 MA 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), Susanna 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 may also attend 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 (e.g., overall financial statements and individual venture assets, changes in foundation capital, the appendix). Swiss GAAP FER is the chosen basic accounting standard.

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

— Since inception, elea has always had uncontested 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's endowment is used for the designated purposes.

## Comité de Patronage

While not integrated into any formal governance role, elea can count on the support of its Comité de Patronage, which meets on a yearly basis. 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, Dr. Peter Maurer, as well as Manuela and Jürg Schaeppli.



## Six principles that articulate the desired culture at elea

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### **The same agenda**

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

### **Involvement**

The basis for alignment to the same agenda is involvement in elea's activities. Involvement means transparency about developments, events, decisions, and intentions; surprises should be avoided. It calls for ideas, views, and opinions on common subjects that come 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 resolved directly between the ones involved. Talking badly about a colleague behind their 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 reservations about important decisions are unacceptable, as is extending 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 with key business and personal issues.

### **Contribution**

An effective partnership is fueled by 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

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Since elea's creation in 2006, we have strived to live up to a clear purpose and a strong commitment to high ethical standards. Our code of conduct summarizes the key principles and rules that inspire and guide our behaviors in our daily work. It applies to the entire elea team and the 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 one's 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 for all team members and 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 by various stakeholders, which 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.





A small shop owner who is part of a digital buying group that benefits both vendors and consumers (venture: MerKomuna, Mexico)

## Compliance, security, and integrity

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

**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 with peers if there are questions about a conflict of interest, and we actively escalate the situation if we have serious concerns about individual behaviors.

**Against corruption and bribery:** elea abides by 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 protecting 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, and other third parties. In addition, elea has appointed an IT security officer who is – among other duties – responsible for the technical measures that support its information security compliance and protect the integrity of its data against cyberattacks.

**Environment:** We are committed to minimizing the impact elea has on the environment. elea as an organization, but also each individual team member, takes environmental impact into consideration when making choices about how we work (e.g., regarding waste, travel, resource use). While our main focus is to help people living in absolute poverty, we care about 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 these risks requires the commitment of all elea team members to the standards outlined on 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, investment sustainability, capital-raising capacity, people, and the organization are regularly reviewed at board and leadership meetings.

## Types of risks

### Impact risk

The risk that elea does not deliver on the social impact objectives of its investments, which 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 the risks related to travel to low- and middle-income countries.

### 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 (which result from other risks).

## Principles for risk management

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

- **Risk culture and mindset:** elea is a risk-taking organization; its purpose and vision require and enable the taking of risks to achieve social impact. Therefore, open-mindedness and risk awareness are critical elements of elea's culture and a key foundation for differentiating between wanted and unwanted risks.
- **Diversification:** The most effective way to mitigate the damage of risks is to avoid concentrations of exposure 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 the attention of elea management without any delay, and 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. Furthermore, the sense of urgency in dealing with risk should exceed the one applied when seeking 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 would apply to our own assets.

## Risk management methods

- **Impact risk management:** At our regular project and Board of Trustees meetings, as well as during the annual impact reporting process (PIPR), impact risks that exist outside of normal developments could arise and should be managed differently. We seek to ensure that the portfolio continues to be balanced across various themes, geographies, maturities (early versus late), and investment vehicles (e.g., equities, loans, and grants). We also try to reduce concentration risk by introducing formal risk limits on single investments and country exposures. Furthermore, we elevate both communication intensity and a sense of urgency for those investments that we view as troubled.
- **Investment performance risk management:** Like most foundations, we also bear responsibility for significant liquid financial assets that are 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 the best environmental, social, and governance (ESG) practices. Regular meetings between our finance committee and asset manager, along with monthly performance reports, ensure an adequate assessment of the values and risks.
- **Counterparty risk management:** We should definitely try to avoid counterparty risks, but sometimes they cannot be averted. In such cases, we should establish high hurdles before entering into an activity that involves these risks, and we should be creative in finding ways to avoid or minimize, to the maximum extent possible, 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. Since such risks are rare, the development of a systematic process to deal with them would not be appropriate. Rather, we should apply the best possible judgment for each specific case.
- **Operational risk management:** Once again, these are risks that we want to avoid. The best way to do this is to uphold high standards of excellence in all that we do. Acknowledging and learning from our mistakes is a key way to avoid a reoccurrence of the same errors. At elea, we have established a systematic four-eye principle for all actions that lead to a significant transfer of resources. Three areas where we place a particular focus are: (1) dealing with politically exposed persons, (2) traveling to dangerous regions, and (3) managing cyber risks.
- **Reputational risk management:** This risk is the hardest one to systematize, measure, and manage. At the same time, it is a very serious risk that – in an extreme case – could threaten elea's very existence. It is a risk that everybody working for, or on behalf of, elea is responsible for and can influence through their own behaviors and actions.

## Risk appetite

Among the types of risks that elea is exposed to, impact risk and investment performance risk are the ones we regularly deal with during the normal course of business. For these two risk types, our task is to optimize our risk exposure relative to our deployment of resources, both in terms of the risk portfolio and the individual risks incurred. The process for dealing with these two risk types should therefore prescribe what is needed to define, measure, manage, and mitigate the risks incurred.

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





Khadija Mohamed-Churchill and fellow elea Entrepreneurs' Community members  
at the elea Philanthropic Investors' Circle event in Zurich in 2022

# Our contribution to the ecosystem: elea Entrepreneurs' Community

Over the past several years, we have accumulated vast knowledge, as well as practical know-how, and have built a rich network of inspiring impact entrepreneurs from all over the world. To facilitate exchanges, best-practice sharing, and a sense of belonging, we formally established the elea Entrepreneurs' Community in 2021.

September 2022 constitutes a historic moment for elea, as 32 entrepreneurs from 24 ventures gathered to complete their 18-month tailor-made "Leading for Impact" leadership program at IMD Business School in Lausanne. The (so far) mostly virtual community benefited from the in-person gathering, as their members could exchange ideas with like-minded peers on a personal level, learn from each other's experience, grow as leaders and impact entrepreneurs, and nurture lasting relationships.

*"The Immersion Week was about learning, connecting, networking, and reflecting on how I run the company – and on things that I can bring back to lead Kwanza Tukule."*

– Khadija Mohamed-Churchill, Founder & CEO, Kwanza Tukule

## A facilitator for ever-closer cooperation and partnerships

Since the first personal gathering of the elea Entrepreneurs' Community in Lausanne, we are more confident than ever that this community enriches the collaboration we have with our portfolio ventures and supports our joint aim to fight poverty with entrepreneurial means.

To further grow and bond as a community, elea continues to facilitate personal exchanges by setting up regular regional get-togethers, peer-led coaching sessions, and support groups. In addition, we have created a WhatsApp group to stay connected as a global community in an interactive way. As a result, our entrepreneurs are able to continue their conversations with one another, further build trust and team spirit, and thereby lay the foundation for solid partnerships.



Trailer



elea Blog

## In the media

Over the course of the past three years, we have established a very active social media presence on LinkedIn, Facebook, Instagram, and Twitter. While our primary aim for engaging in this activity is to give our followers an authentic look behind the scenes of elea and our portfolio ventures, we also enjoy the opportunity to actively participate in debates on topics that are essential to our industry.

> **5'005** followers across all social media channels

In addition, elea has been contributing to discussions, particularly in leading Swiss media, about new ways of engaging in philanthropy, a topic for which elea has established itself as a thought leader and pioneer.

> **42** publications and presentations



### Photographers

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Image source: Virohan Marketing Team (p. 22)

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elea Movie

### Imprint

© 2023 elea Foundation for Ethics in Globalization

Editorial deadline: April 2023

Printed in Switzerland: May 2023

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