



Creative capital for
people and planet

ANNUAL REPORT 2022

MISSION

SK2 Fund's mission is to accelerate transition to a more equitable and sustainable world.

We do this by using creative capital to help socially and environmentally committed small businesses and related initiatives succeed.

Creative capital (also called integrated capital) is the coordinated use of varied forms of funding in service of the overall mission. For SK2 Fund, creative capital supports our core ThriveCapital program, grassroots impact investments, a 100% mission-aligned endowment portfolio, and nonprofit sector grants. SK2 initiatives accelerate transition to a more equitable and sustainable world by modeling the transformative power of small business when it puts people and planet first.

GUIDING PRINCIPLES

- SK2 applies 100% of its resources to its mission, including the entirety of our endowment.
- SK2 integrates environmental sustainability into all efforts to provide more equitable economic opportunities for disadvantaged populations.
- SK2 strives to incorporate the experiences and expertise of the actual people we exist to serve.
- SK2 works to share with and learn from other small foundation and impact investment peers.



EGE Solar is repaying a Thrive loan through donations of solar panel light fixtures to farmers and street vendors in the Kandal Province, a mountainous area of Cambodia. The donation will supply this woman with energy for her home and her micro-business selling cakes.

ON THE COVER

Owner of Viba Banana, Tran Duc Thuan, with two employees. Viba Banana, a ThriveCapital loan recipient in 2016, received a \$50k Grassroots Investment this year to help them purchase an industrial freezer. Viba can now buy more fruit and reduce food waste. They are adding jobs and increasing stable incomes for poor smallholder farmers, mainly women and Muong ethnic minorities.

MEASURING IMPACT

How do we know our programs, grants, and investments are having the desired social and/or environmental impact?

SK2 is committed to measurement and reporting on impact. Our impact measurement framework is based on the [UN 2030 Sustainable Development Goals \(SDGs\)](#). Beyond broad philosophical alignment with all 17 of these goals, we will prioritize and measure metrics for the 7 mission-aligned SDGs shown here.



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

SK2 is supporting smallholder farmer-driven sustainable and regenerative agriculture, increased incomes for farmers, and the movement away from corporate monocultures.



Achieve gender equality and empower all women and girls

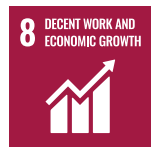
We seek to level the playing field for women in access to employment, leadership opportunities, and investment capital. We prioritize support for women entrepreneurs working on all of the above issues.



Ensure access to affordable, reliable, sustainable and modern energy for all

We support the global transition away from fossil fuels to renewable energy sources. Our focus is supporting access to

clean energy resources for disadvantaged populations without electrical grid access (aka off-grid or last mile distribution).



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We prioritize support to ventures combining inclusive, quality employment & leadership opportunities for women, BIPOC, and other disadvantaged populations.



Reduce inequality within and among countries

We specifically seek to contribute to bridging the wide gap in access to investment capital for entrepreneurs of color, as well as enhanced wages, benefits, and shared ownership options.



Ensure sustainable consumption and production patterns

We support environmentally responsible small businesses and grantees demonstrating commitment to improving environmental practices in their core business models, such as reducing pollution and waste, recycling and reusing by-products, and sourcing more sustainable raw materials.



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

The SK2 family has a long history supporting conservation efforts focusing on preventing deforestation and land degradation through conservation and sustainable land management.

SUSTAINABLE DEVELOPMENT GOALS

ThriveCapital

Most people in the developing world work for very small businesses that struggle to find the affordable capital they need to grow and create more jobs. ThriveCapital directly addresses this need by providing “pay-it-forward” loans.

What makes *ThriveCapital* loans different?

- The loans are not repaid in cash. Instead, ThriveCapital entrepreneurs donate an equivalent value of job training or income-enhancing products and services to those most in need from their communities.
- Alongside their ThriveCapital loans, entrepreneurs benefit from free mentorship and business consulting services from our in-country partners. Entrepreneurs expand their traditional business management skills while learning the ethical and economic value of treating their employees well and embracing more sustainable business practices.



66%
ThriveCapital
ENTREPRENEURS
ARE WOMEN

JUNLEN COMPOST — CAMBODIA

Sok Sothearath (pictured front), owner of Junlen Compost in Phnom Penh, is passionate about sustainable agriculture and improving lives for poor farmers. Junlen produces vermicompost by transforming organic waste into organic fertilizer using earthworms. Since receiving a ThriveCapital loan, she hired 2 additional employees to her team of 7, and is now buying compost from 15 poor farmers from 3 different provinces.

Because of the costs of chemical fertilizer, farmers previously earned little income. After switching to organic fertilizer, Ly Mas and Sem Ly from Kampong Chhnang province shared, “Thanks to working with Junlen, we could afford to pay the tuition fee and living expenses for our daughter to pursue university education. We couldn’t do that before. All of our other children dropped out of school early.”





65

JOBS CREATED BY
ThriveCapital
ENTREPRENEURS

KUTOK CAFÉ — GUATEMALA

For people living in impoverished areas of Guatemala, a job is most often the best path out of poverty. After their first year in the Thrive program, Wendi and Edgar Sanchez (Edgar pictured at left with some of their trainees), owners of Kutok Café, grew their business and created 6 full-time and 2 part-time job positions!

“

Thrive helped us embrace our full potential. As a young couple building a business, we’ve had a lot of self-doubt, but with so much support and encouragement from Thrive, we have learned to trust ourselves more and embrace our abilities.

— Edgar Sanchez

”

To repay their loan, Wendi and Edgar trained 12 indigenous women, many of whom speak only the local indigenous language, in job skills needed to cook in restaurant kitchens. To overcome the language barrier, Edgar trained them in their native language while teaching them Spanish words and phrases often used while working in a kitchen. With half of their repayment remaining, we’re excited to see their continued impact in 2023!





151

POOR AND UNSKILLED INDIVIDUALS RECEIVED JOB TRAINING

6,744

PEOPLE BENEFITED FROM DONATIONS OF JOB TRAINING OR BASIC NECESSITIES

62%

OF TRAINEES FOUND JOBS OR CREATED THEIR OWN MICROENTERPRISES

“

My peers at networking events must believe that I’m being sponsored by Thrive to be promoting the program so much every chance I have. But the truth is that this program provides such a unique and extraordinary opportunity for small businesses, that I feel like I can’t spread the word enough!

— José Corzo

”

DON MEMO COCINA ARTESANAL — GUATEMALA

María McNutt and José Corzo, owners of Don Memo Cocina Artesanal, showed dedication and passion throughout their time in the program. To repay their ThriveCapital loan, they donated bread for both nourishment and resale, generating income to 10 families of disabled women. They also trained an additional 10 women with disabilities in job skills to work as cooks. 6 of these women have already found jobs thanks to the training!

Their loan provided the necessary equipment for them to create a central production center for their restaurants, and they created 3 full-time jobs. Moving forward, Don Memo will focus on strengthening their Guatemala City restaurant and hopefully open a second production center that can supply nearby areas and create more job opportunities.



GRASSROOTS INVESTMENTS

SK2 invests in socially and environmentally committed small businesses positively impacting their communities in Latin America, South East Asia, and the US.

SK2's primary role as a foundation impact investor is to provide flexible, affordable, and patient capital to small businesses accelerating transition to a more equitable and sustainable world. Everyday small businesses are the backbone of local economies. These "missing middle" small businesses are too big for microfinance institutions and too small for most commercial banks and other investors.



Investment Highlight

WIIBIKE — VIETNAM

Motorized 2-wheel modes of transportation are the norm in Vietnam, with air pollution and carbon emissions increasing daily. Nguyen Thi Thu Hang, founder and CEO of Wiibike, a Vietnamese electric bicycle company, is working to change that.

Being a woman entrepreneur in a technical production industry, Hang struggles with accessing capital. Thanks to a \$30,000 working capital loan from SK2 Fund, Wiibike manufactured and sold 1,200 regular and electric bicycles in 2022. They also boosted their revenue by 70% and reduced half a million tons of greenhouse gas emissions.

Wiibike provides equitable opportunities and working conditions for all employees. More women and unskilled employees were hired, trained, and promoted

to leadership positions, and 6 out of 12 full-time employees received an average pay increase of 20%.

Nguyen Thi Hoai Anh, a young mother who dropped out of university and struggled to find a job, shared "Through the guidance and training of the company, I have learned how to do all the work in the factory and gradually begun to participate in research activities to improve products and production processes. The company promoted me to the Production Team Leader position with a 20% pay increase and is continuing to train me in management skills."



GRANTS

SK2's grant program is primarily focused on increasing the number, skills, rights, and resources of grassroots women entrepreneurs. We also provide grants to regenerative agriculture and environmental stewardship organizations. In 2022, SK2 Fund deployed a total of 15 grants across Latin America, South East Asia, and the United States.

Grant Highlights



AMIGOS DE SANTA CRUZ is working to improve the lives of indigenous people in Guatemala through education and sustainable economic empowerment. SK2 provided a grant to support women entrepreneurs in organic egg production and mushroom cultivation.

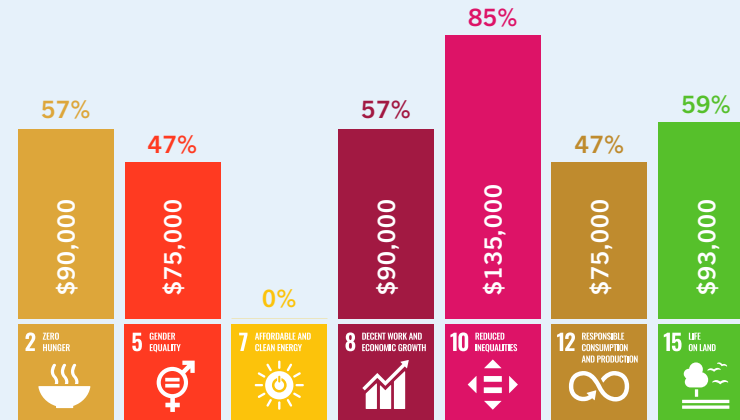


INCLUSIVE CAMBODIA promotes disability and gender inclusive practices through a range of services empowering people and families to live with dignity and independence. SK2's grant funded economic empowerment and accessible financial education for aspiring and existing female entrepreneurs.



SNAKE RIVER SEED COOPERATIVE is a farmer and employee-owned B Corp with a mission to empower Intermountain West farmers and gardeners to plant, grow, save, and share locally-adapted seeds in the US. SK2 provided a grant for various project and operating costs.

Allocations of Grant Dollars to SDGs



Dollar amounts and percentages do not add up to total amount as many grants contribute to more than one SDG.

100% IMPACT ENDOWMENT

SK2 is on a path to invest all of our financial resources in a variety of companies and funds, largely comprised of small businesses and social/environmental enterprises, that align with our mission and values. Our investees' core business models create significant positive social and environmental outcomes alongside financial returns.

SK2 believes that foundations should proactively invest their endowments in alignment with their missions—thereby exponentially increasing their impact. We hope to influence more of our peers to consider this route by sharing our successes and failures as we pursue a 100% impact endowment.

SK2 Fund's endowment investments are aligned with one or more of the UN Sustainable Development Goals (SDGs) we prioritize. Read more about our SDG alignment and related impact measurement on the [Impact](#) page of our website.



Investment Highlight

NESsT

NESsT is a catalyst for social enterprises in global emerging markets. They provide financial capital, training and mentoring, and access to markets for a high-impact portfolio of social enterprises solving critical social problems within vulnerable communities across Latin America. *NESsT's Lirio Fund* is their core impact fund.

One of the first companies *NESsT Lirio Fund* invested in is *Greenbox*, a social enterprise helping transform the Amazon-Andes region of Peru by switching from harvesting coca plants to harvesting organic fruit for use in value-added products. The

company supports local farmers transitioning to organic production in obtaining certifications, enabling them to sell their harvests at a premium. *Greenbox* ensures farmers are paid fairly by fixing a minimum price for the year, protecting them from market volatility.

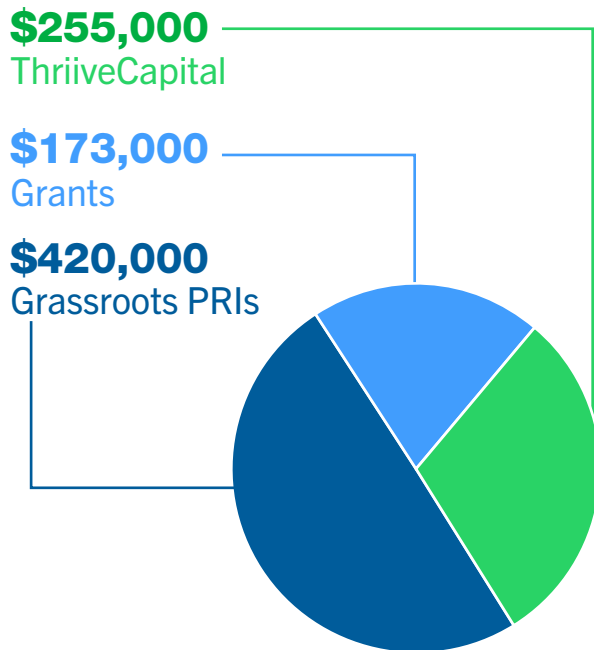
After joining the *NESsT Lirio* portfolio in 2019, *Greenbox* boosted its sales 68% by the end of 2022, allowing it to increase employment (from 40 to 120 people in high season), as well as the number of farmers supplying raw materials (from 50 to 300+ farmers). *NESsT* offered *Greenbox* an additional loan of \$500k in 2022, demonstrating the continued growth potential of companies in the portfolio.



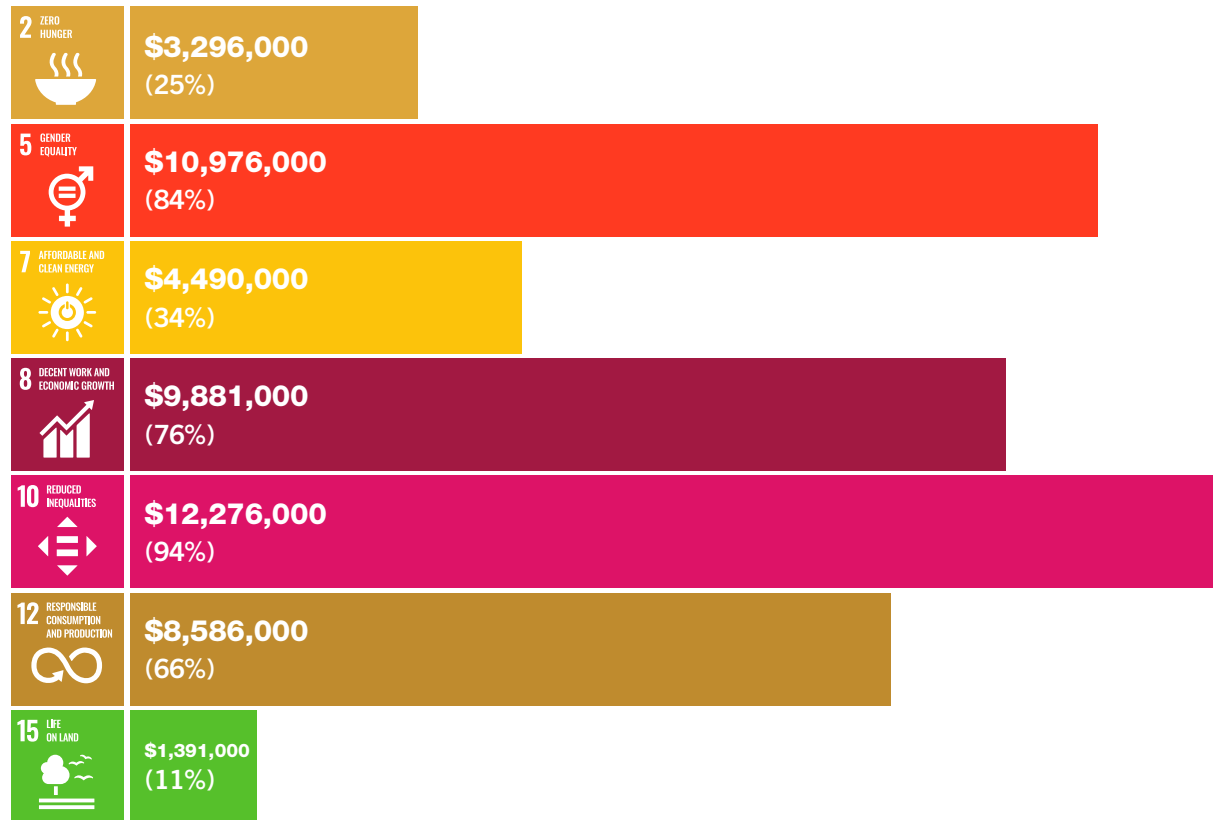
2022 BY THE NUMBERS

We are committed to applying all financial resources at our disposal to maximize our impact, including 100% of our endowment portfolio, which is carefully invested in alignment with our mission and values.

Charitable Giving



Impact Endowment Allocations



Dollar amounts and percentages do not add up to total amount as many investments contribute to more than one SDG.

