



Creative capital for  
people and planet

ANNUAL REPORT 2023

# 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 small business investments, impact-first endowment, nonprofit grants, and advocacy for philanthropy reform. 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 aligns all resources with its mission and values, including our endowment investments.
- SK2 integrates environmental sustainability into 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.

*Kayalá*, a Guatemalan business selling trees for reforestation and providing sustainable agriculture training to local farmers, completed a ThriveCapital loan in 2018 and received a grassroots investment from SK2 in 2023 to continue growing and creating impact in their community. Pictured is a woman receiving free training on organic farming practices along with a donation of fruit trees to increase her income.

### ON THE COVER

Owner of *Vien Minh Cajeput Oil*, Ho Thi Phuong Anh, with an employee, and a beneficiary receiving a plant donation. Partial interest on her \$25k loan is paid forward to the community. The business trained 84 poor families in sustainable cultivation, preservation, and harvest of cajeput leaves from a 100+ hectare, USDA-certified organic area and increased incomes for over 100 mothers selling products.

# MEASURING IMPACT

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

SK2 is committed to measuring 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 prioritize and measure metrics for the seven mission-aligned SDGs shown here.



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

We support and prioritize regenerative and sustainable agriculture practices that prioritize and balance the ecological, economic, and social health of a community.



**Achieve gender equality and empower all women and girls**

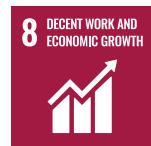
We seek to level the playing field for women in access to employment, leadership opportunities, and investment capital. We prioritize support for women entrepreneurs working on all of the above issues.



**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 and 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, halt and reverse land degradation, and halt biodiversity loss**

We have a long history supporting conservation efforts focusing on preventing deforestation and land degradation through conservation and sustainable land management.

Tracking quantitative impact data is important to SK2, but impact is often best captured by stories from beneficiaries.

# 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.

We thank our in-country partners, [Alterna](#) in Guatemala, and [Funder](#) in Honduras for all their support!



# 44%

OF TRAINEES FOUND JOBS  
OR CREATED THEIR OWN  
MICROENTERPRISES

## ANNOUNCING OUR NEW PROGRAM IN HONDURAS

In 2022 we began exploring options to launch a new ThriveCapital program location. In Spring of 2023, after substantial research, we brought ThriveCapital to Comayagua, Honduras. We are happy to share that we provided loans to seven businesses and are excited for the impact they will create in their communities.

Efren Elvir (pictured during a repayment holding freshly made chocolate) and Erlin Santos are the owners of *Atucún Chocolate*. Their innovations and holistic approach have enabled the production of chocolate from regions in Honduras where cacao is difficult to cultivate. By utilizing specific species of cacao that do well in harsher climates and always considering the environmental effects of their processes, *Atucún* has brought opportunity to remote settlements in the mountains near Comayagua. To repay their loan, *Atucún* is training poor cacao farmers to produce higher quality cacao, vinegar made from waste produced during the fermentation process, and other products they will be able to sell and also use in their communities.





“

I have learned to see my restaurant from a different perspective and now I know it has the potential to grow. With ThriveCapital, I was able to make external improvements and changes, as well as internal management improvements. Thanks to this program, now I am helping other single mothers like me.

”

— *Concepción Elizabeth Mendez*

**69%**  
OF ThriveCapital  
ENTREPRENEURS ARE  
WOMEN

## LA MARISQUERÍA — GUATEMALA

Many years ago, we set a minimum of 50% woman-owned businesses in our ThriveCapital program, and we are pleased to share that we have improved on that number year after year. Concepción Elizabeth Mendez (pictured second from the left), owner of *La Marisquería*, provides one of our greatest success stories in Guatemala. Her Thrive story began as a repayment beneficiary of another Thrive business in 2016.

From that business, she received muffins for resale in her community and slowly began to build up small amounts of capital. With that, she started producing different food items to sell from her home, expanded her cooking skills, and in 2021 she opened her own small seafood restaurant. After a year of operation, she applied to the ThriveCapital program and was selected as part of our

2022 cohort! To repay her loan, Concepción is training poor single mothers in cooking skills to get a job or begin producing from home as she did, providing them with hope and skills for a better future.





“  
 We are grateful for the Thrive business owners who helped our family and other families in our community. The donations changed our lives and it made me feel like my family is born again in a world that is beautiful and surrounded by kind-hearted people.  
 ”  
 — *Yeang Vanna, Thrive beneficiary*

**61**

JOBS CREATED BY  
 ThriveCapital  
 ENTREPRENEURS

**296**

DISADVANTAGED  
 INDIVIDUALS RECEIVED  
 JOB TRAINING

**3,646**

PEOPLE HELPED WITH  
 DONATIONS OF JOB  
 TRAINING AND BASIC  
 NECESSITIES

**GREEN VEGGIES GARDEN AND EKTES MATERNITY CLINIC — CAMBODIA**

In Cambodia, it is extremely difficult for a single mother with low education and no skills to find a job with sufficient income for her family. Yeang Vanna, a 27-year-old single mother of four children, living with her widowed mother at Cheung Ek dump site struggled to earn enough from picking trash to resell for food for their family.

Leap Koun (pictured far left), business owner of *Green Veggies Garden*, and Chanmonirot Lim, doctor and business owner of *Ektes Maternity Clinic*, together have made a difference to the life of Vanna’s family. Leap donated basic necessities nine times every month to Vanna and 60 other people at the dump site as part

of the repayment to his Thrive loan. Chanmonirot helped Vanna to give birth at her clinic and donated important health check-ups, medicine, blood tests, and more to 225 impoverished women who otherwise would never think of spending their little income for these services.

Thanks to the ThriveCapital loan, *Green Veggies* was able to grow despite fluctuations in the economy, and *Ektes Clinic* added eight new full-time employees and increased revenue by 64%.



# GRASSROOTS INVESTMENTS

SK2 invests in socially and environmentally committed small businesses, positively impacting their communities in Latin America, Southeast Asia, and the United States.

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. These "missing middle" small businesses are the backbone of local economies and are often too big for microfinance institutions and too small to receive affordable financing from commercial banks and other investors.



## Investment Highlight

### HOA NANG ORGANIC RICE — VIETNAM

Despite understanding the risks of overusing chemicals, many smallholder farmers in Vietnam lack the resources and knowledge to adopt sustainable practices. Dang Thi Truong An, owner of *Hoa Nang Organic Rice* in Ho Chi Minh City, is working to change that.

Empowered by two \$50,000 working capital loans from SK2 Fund in 2022 and 2023, An equips local farmers with training, technical know-how, and discounted organic supplies. She guarantees to buy their outputs at a 67% higher price than non-organic farming, leading to 100 households with 200 hectares being

USDA organic certified. Additionally, An introduced natural shrimp farming in rice fields, doubling farmers' incomes annually.

Despite initial challenges, farmers are now experiencing higher yields and improved well-being. One farmer expressed gratitude for the stable relationship with An. Another couple, Niem and Mien, shared how their lives have become more stable, allowing them to focus on farming and provide better opportunities for their children.

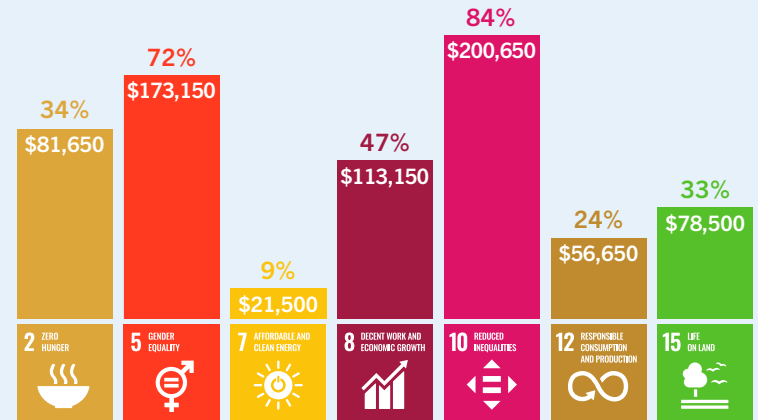


# GRANTS

SK2’s grant program is primarily focused on increasing the number, skills, rights, and resources of women entrepreneurs. We also provide grants to regenerative agriculture and environmental stewardship organizations. In 2023, SK2 Fund deployed a total of 22 grants across Latin America, Southeast Asia, and the United States.

This year we added a few grants to organizations advocating for foundation and philanthropic peers to allocate more financial resources to mission-aligned investments.

## 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.

## Grant Highlights



**GREEN CONNECT**’s mission is to “close the loop from waste to table” by upcycling food waste into nutritious chicken feed, resulting in certified organic eggs for sale. SK2’s grant empowers marginalized rural women in Ha Tinh province of Vietnam with donated chicks and essential skills, fostering sustainable livelihoods in their community.



**TRANSFORMATIVE 25** drives economic transformation for social and environmental justice by identifying Integrated Capital Funds, creating deep impact for people and planet. SK2’s grant provides unrestricted support to help T25 inspire philanthropists, investors, and entrepreneurs to learn about and contribute to innovative finance opportunities in the US and abroad.



**UTZ & DELICIOUS** empowers vulnerable women with skills and tools for sustainable development, aiming

to lift families out of poverty. SK2 Fund’s grant was used to acquire a milling machine and cacao roaster, directly benefiting 125 women in Guatemala. The women no longer need to spend a full day waiting in line to use a mill in the city. Saving time and adding capacity can increase their income from \$100 to \$400 dollars per month.



# IMPACT-FIRST ENDOWMENT

We believe foundations have a moral obligation to devote far more resources to their charitable missions. Investing assets from the endowment in alignment with mission objectives and values is a commonsense way to exponentially increase impact. We hope to influence more of our peers to consider this route by sharing our successes and failures.

SK2's endowment is carefully invested to complement our mission and support our broader values. We invest in companies and funds comprised of social/environmental enterprises that create significant positive social and environmental outcomes alongside financial returns. Check out our [Impact Portfolio Dashboard](#) to see where we are invested.

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](#).

## Investment Highlight

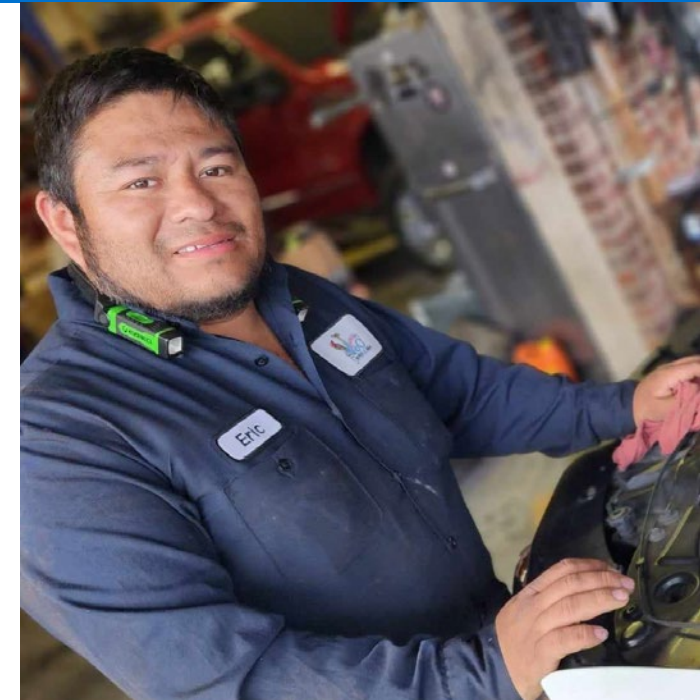
### APPALACHIAN COMMUNITY CAPITAL — USA

*Appalachian Community Capital (ACC)* is a non-profit community development financial institution (or CDFI) that is focused on attracting new sources of capital for small businesses, including minority and women-owned businesses, in underserved places in Appalachia and similar communities in the USA.

Instead of lending directly, ACC raises capital for its members who are also CDFIs or other mission-aligned lenders so that they can provide affordable loans, business advisory services, and other types of support to small businesses in the region. ACC has financed 115 small businesses through ACC members; 64%

of the loans were made to businesses owned by women or persons of color.

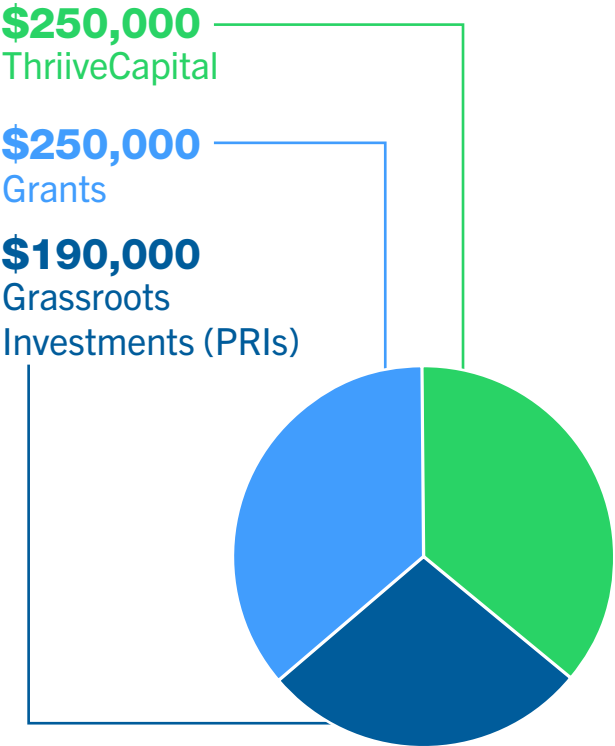
One example of ACC's impact comes from a small business called *Automotive Specialists of Dalton* located in the heart of Dalton, Georgia. This true family-owned and operated business, led by Emma Hernandez along with her son Hernan and daughter Diana, consistently delivers reliable auto repair services to their community. ACC provided a loan to the business to help purchase the property they had been renting in order to shift their payment from a rental expense to property equity, providing long-term sustainability to the business and the family running it.



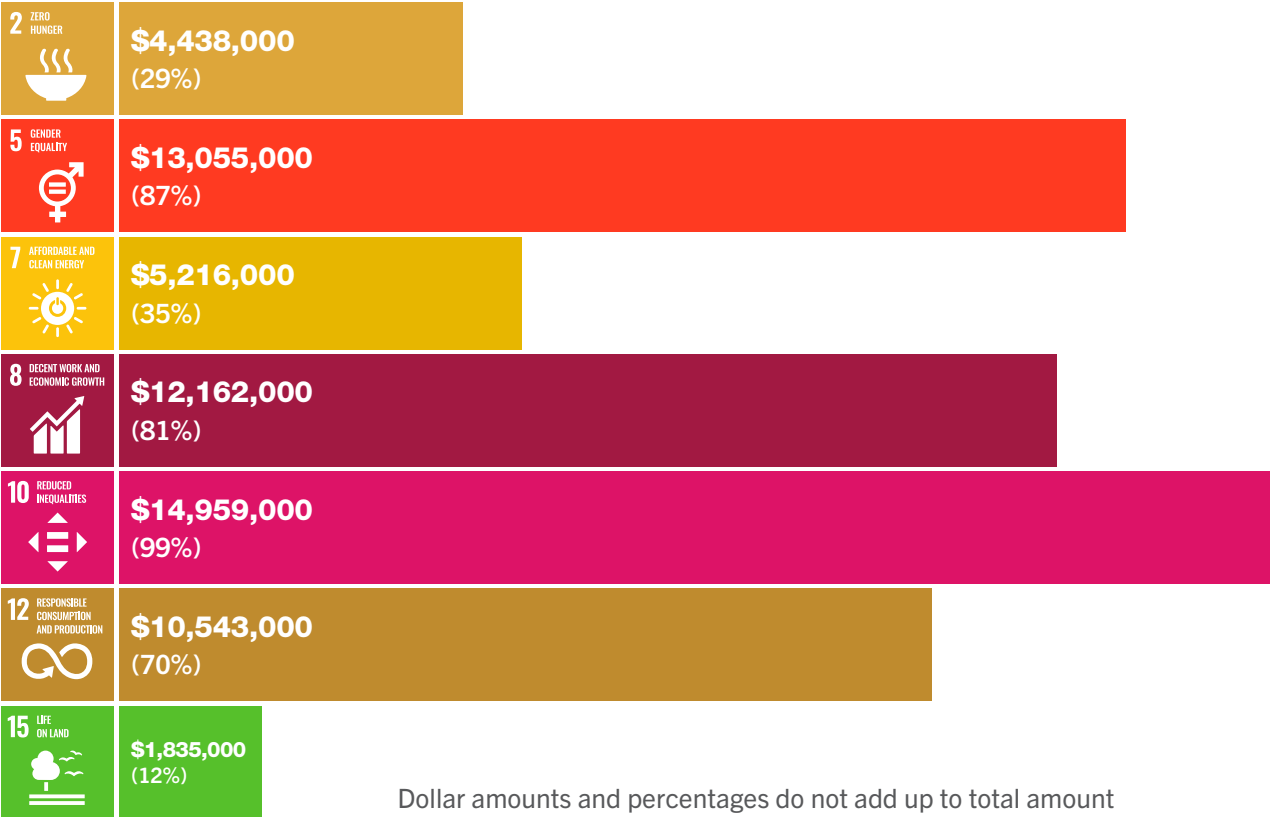
# 2023 BY THE NUMBERS

We are committed to applying all financial resources at our disposal to maximize our impact, including our ThriveCapital programs, grants, grassroots investments, and our impact-first endowment, which is carefully invested in alignment with our mission and values. Check out our [Impact Portfolio Dashboard](#) to see where we are invested!

## Charitable Giving



## Impact-First Endowment SDG Alignment Allocations



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

