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2021 overview

GEF Capital Partners Latam and positive impact created

Our Business in Latin America

Portfolio Revenue¹:
US$169 Million

Regulatory Assets Under Management:
US$ 115 Million

GEF Capital Partners Latam is a certified B Corporation.
Initial Score (05/20): 89.7
Current Score (03/22): 100.1²

1st Brazil-based signatory of the Operating Principles for Impact Management and Signatory to the UN-supported PRI

Our Portfolio in Latin America

100% of portfolio companies have developed and implemented a Human Resources guidebook and Code of Ethics and are working towards implementation of Global E&S Best practices

~70% of portfolio companies have kick-started the process towards obtaining ISO Certification

+30 refugees hired across the portfolio companies

707,392 tCO₂ - The sum of GHG emissions GEF Latam’s portfolio contributed to reduce is equivalent to 152,421 passenger vehicles driven for one year

Portfolio GHG emission
• Scope 1 205,083 tCO₂e
• Scope 2 555 tCO₂e
• Scope 3 310 tCO₂e

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1. Reflects the Regulatory Assets under management by GEF Capital Partners as of December 31, 2021 for funds focused on making investments in Latin America
2. Updated score based on internal reverification of the B-Corporation’s official assessment.
Methodology

In 2021, GEF Capital Partners Latam (GEF LATAM) focused its attention on further developing its internal Environmental, Social and Governance (ESG) capabilities and its implementation at the portfolio level. We have dedicated substantial attention to our portfolio companies, resulting in operational resilience through this challenging year, and ensuring unconditional focus on long-term shared value creation.

Investment region
Brazil, middle market

Asset Class
Private equity

Investment themes
Energy, Sustainable Food & Agriculture, Urban Solutions

Supported macrotrends
Population Growth, Climate Change, Urbanization

In November 2021, GEF Capital Partners became a signatory to TCFD

GEF Capital Partners Latam is a Certified B Corp

In May 2021, GEF Capital Partners has published its first Disclosure Statement for the Operating Principles for Impact Management and has become a signatory to the UN-supported PRI

Global Guidelines

3. References to GEF Latam or GEF Capital Partners Latam refer to GEF Capital Partner’s business in Latin America, while references to GEF Capital Partners or GEF Global refer to GEF Capital Partners including all of its subsidiaries and affiliates.

2021 Highlights
## Investment themes

### ENERGY
- [Image]

### SUSTAINABLE FOOD & AGRICULTURE
- [Image]

### URBAN SOLUTIONS
- [Image]

## Portfolio's SDG Alignment

### CLEAN MEDICAL
- [Image]

### PRO SOLUS
- [Image]

### UNICOBA
- [Image]

### ENC ENERGY
- [Image]

### LUMINAE
- [Image]
LETTER FROM THE TEAM
As we emerge from the COVID-19 pandemic, it has become imperative to set our sights on the fundamental challenge of creating growth that takes into account both sustainability and inclusion. We at GEF Capital Partners Latam feel a sense of urgency to further strengthen our dedication to responsible investing and support entrepreneurs that create scalable climate solutions with tangible social value.

We are guided by the principle of being “better every day” in the pursuit of sustainable partnerships, enhanced processes, and a lasting future. We believe in an inclusive capitalism which allows us to seek to deliver superior returns to our investors while generating positive impact for the planet and society.

In 2021, the world was confronted by a sudden and pressing urgency to act on global climate goals and to develop a climate transition strategy as a business priority. There has been a wave of net zero decarbonization pledges, with 130⁴ countries that either have set emission reduction targets or publicly claimed to be considering launching them. Additionally, 683 of the largest 2000 listed companies⁵, and firms managing over $130 trillion⁶ of private capital have publicly committed to transitioning to a net zero economy. Markets began factoring in climate risks into pricing models, and we believe that smart climate actions and behaviors are value accretive⁷.

We are blessed by the lifetime opportunity of contributing to address the world's most meaningful climatic challenges by serving our investors and by working with innovative entrepreneurs. Through these partnerships, we are convinced that we reinforce the belief that both sustainability and entrepreneurship, and growth and returns, are not only attainable but also complementary to societal development.

During the past year, we were especially grateful for having associated ourselves with several hardworking Brazilian entrepreneurs who are driven by purpose. We have witnessed and learned from their dedication as they navigated through the recent crisis while leading changes in sectors that are fundamentally well-positioned to effect positive environmental changes, including Energy Storage (Unicoba), Waste-to-Energy (ENC), Energy Efficiency (Luminae), Precision Agriculture (Prosolus) and more recently Circular Economy (Clean Medical).

Restrictions resulting from the global pandemic have caused major disruptions and have created substantial pressure to the business landscape. However, what we continuously learn from our portfolio companies sparks inspiration. Our entrepreneurs solve many issues which governments have not been able to address on their own. They are solutions-oriented and focused on solving problems. Our portfolio companies are driven by a socially aware entrepreneurship that we believe is lasting. They develop creative responses to emerging challenges with scarce resources.

As soon as the pandemic began, our partners were quick to consider the health and safety of their employees by creating clear health and safety plans. Afterwards, each worked indefatigably to continue creating societal value by designing new products and services. Unknowingly, through their tireless efforts, they have been making a difference and impacting the lives of thousands of people. Their conscience and intuition help them come up with answers, and as natural entrepreneurs, they “walk their talk and talk their walk”.

The crisis has created opportunities for businesses to become more innovative. Facing external pressures, our entrepreneurs have stepped out of their comfort zones to become creative problem solvers. Along the way, they have renewed the entrepreneurial spirit that we all need to solve long term sustainable challenges.

It is promising to see that the private capital ecosystem in Brazil has evolved and has been adapting to support entrepreneurship. Business owners need partners they can talk to, relate with and who can give them advice and guidance like we do at GEF Capital Partners Latam. These bonds shape their firms in the long run.

GEF Capital Partners Latam supports these impact-driven entrepreneurs in building their businesses in a diversified ecosystem. It will take more than just unicorns to solve the climate and social challenges ahead of us. We have focused on finding “bees”, “falcons”, “wolves”, and “dolphins” that can also contribute to these challenges.

A notable passage of a Theodore Roosevelt speech that is referred to as “The Person in the Arena” states:

“It is not the critic who counts; not the person who points out how the strong person stumbles, or where the doer of deeds could have done them better. The credit belongs to the person who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends themselves in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if they fail, at least fails while daring greatly, so that their place shall never be with those cold and timid souls who neither know victory nor defeat”

In 2022, we seek to continue improving every day and to support entrepreneurs that create scalable climate solutions. Each of us strive to be the ”Person in the Arena” and to lead by example, as we too are entrepreneurs who demonstrate dedication, commitment, sacrifice, hard work and passion along the journey to create something different that creates positive impact in peoples’ lives. We encourage “doing” things rather than “talking” about things, and we believe capitalism becomes a system structurally more beneficial to society when changes are led by sustainability and socially-minded entrepreneurs.
Corporate Profile

Contributing to climate solutions is in our DNA

GEF Capital Partners was formed in March 2018 following the completion of a collaborative spin-out from Global Environment Fund, an early pioneer in global sustainability and environmental investing in key emerging markets and in the US. We operate in Latin America as GEF Capital Partners Latam and seek to build on the legacy established by Global Environment Fund by focusing on companies that contribute to the optimal use of resources and the construction of a more sustainable future.

We look for businesses that introduce efficient solutions that contribute to more disciplined use of energy for companies, that introduce innovative solutions to urban challenges, and businesses that propose positive interventions in agricultural practice and food consumption.

We believe that by living and working in Latin America, we can identify, manage, improve and exit investments in ways that not only aim to generate superior financial returns, but also have a positive environmental impact. In other words, we want to invest capital in ways that do more with less, that improves the world around us, while also rewarding our investors who participate in investments with us.

We are committed

GEF Latam is a private equity fund manager focused on investing in companies that are well positioned to promote positive societal impact in alignment with three core themes:

(i) Energy
(ii) Food & Ag
(iii) Urban Solutions

Our investment approach considers two primary criteria to filter opportunities - Prospective companies should:

(i) be operating in a market where it can achieve high growth and financial returns above the market rate.
(ii) have a positive impact on the environment and the use of natural resources.

VALUE Seek value in specialized businesses where current market perception misprices key assets or businesses
GROWTH Identify secular, macro and regulatory trends that will allow for outsized growth dynamics
OPERATIONAL Find opportunities to serve as a value-added partner to management or company founders to drive operational improvement
EFFICIENT CAPITAL Bring efficient capital solutions to areas where none existed, thereby unlocking value
ESG & IMPACT Experience in adoption of ESG best practices in portfolio companies
GEF Latam has a seasoned investment team with complementary skills and execution capacity in fundraising, origination, deal closing and value creation. With multiple years of global investing across different sectors, we are uniquely positioned to successfully implement our strategy and deliver significant value to our investors.

Our team is different – we play an active role in each of our portfolio companies. This includes assisting in the development and implementation of business/strategic planning, which more often than not demand substantially more involvement from our investment professionals than the typical participation in customary monthly board meetings.

Our value creation program includes the introduction of our TrueValue methodology to assess ESG factors and drive shared value and is conducted entirely in-house, demanding us to work alongside our companies to map risks and capture long-term value. Our understanding is that by sticking to this approach, we are better equipped to foresee any uncertainties and mitigate potential risks to create superior risk-adjusted returns for our shareholders and positive societal impact.
Institutional Activities in 2021

01. COVID-19

In 2021 the local economy continued struggling as the pandemic persisted, resulting in businesses shutting down, and recording high unemployment figures. On that basis, we continued supporting selected NGOs, which desperately needed various types of resources and generally faced increasing demand for basic assistance.

R$48K  Total amount donated in 2021

12  Number of beneficiary institutions

Causes Supported
- Vulnerable population in the Northeast region
- At-risk youth in Rio de Janeiro
- Single mothers in Brazilian slums
- Unprivileged people with disabilities

02. Alignment with globally accepted principles

- In May/2021 GEF Capital Partners globally became a signatory to the UN-supported PRI
- We have also completed our first anniversary from becoming a certified B-Corporation. In March/2022, we have performed an internal evaluation that showed the following progress.
- In November/2021 GEF Capital Partners became a signatory to the Task force on Climate-Related Financial Disclosure (TCFD)

Alignment of principles

- Governance
- Workers
- Community
- Environment
- Customers

Progress obtained through interim assessment

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Signatory of:

- TCFD
- PRI

GEF Capital Partners
03. Internal Processes

In 2021 we have taken the internal steps to strengthen our commitment to best practices.

- Development and implementation of a robust Human Resources guidebook, containing strict provisions to protect our most valuable resources – our people

- Development of an Environmental and Social Management System (ESMS) for the firm, that formalizes our commitments to the best ESG practices and outlines our systems and processes to create and maximize shared value through our investments

- Publication of our Sustainable Finance Policy, which summarizes our internal ESG related policies

04. INSPER Challenge

GEF Latam partnered with INSPER, a renowned Brazilian business school, to create a competition that offers university students from various backgrounds hands-on mentoring and training in sustainable finance analysis. Working in teams, students develop a sector specific investment thesis aligned with some of the macrotrends GEF Latam focuses on. Selected teams move on to the second and final stage of the competition, when they are expected to prepare and present an investment case supported by a robust shared value strategy. In 2021, 40 participants have worked hard throughout the 16 week-long program.

05.

In 2021, GEF Capital Partners Latam measured its Carbon footprint and has neutralized scope emissions 1, 2 and 3.
GEF Latam's portfolio GHG Emission Inventory

In 2021, GEF Latam engaged Bureau Veritas to assess its portfolio’s greenhouse gas inventory. This was the first time Pro Solus, Unicoba, ENC and Luminae undertook such technical exercise, and we trust this will be fully incorporated into each business’ operational routines going forward. In total, GEF Latam’s portfolio has contributed to emit 205,949 tons of CO₂e equivalent, broken down as follows:

Scope 1 – 205,083 tCO₂e,
Scope 2 – 555 tCO₂e
Scope 3 – 310 tCO₂e.

We understand that Scope 3 emissions might require additional adjustments, but we are confident that the numbers will become increasingly more assertive as our businesses solidify the discipline to collect and monitor key data.

Even though our portfolio’s positive climate impact overshadows its carbon footprint, GEF Latam’s ambition is to further reduce carbon intensity in line with the Paris Agreement’s commitment to reduce global warming to below 1.5C compared to pre-industrial levels. We take pride in our work with our partners to introduce processes that optimize resource efficiency and to reduce carbon emissions. As we think about expanding our investment program in the region, we will continuously seek to invest in business models that contribute to reduce the overall portfolio carbon intensity – measured as tons of CO₂e per R$M of revenues.

ENC Energy’s Scope 1 refers primarily to the biogas utilized in the energy generation process. Methane sourced from landfills is the primary feedstock gas.

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8. Clean Medical was excluded from this exercise as the investment was finalized in Dec/2021.
Macrotrends and Investment Themes

As a purpose-driven fund manager, we understand that major global challenges offer attractive opportunities to deliver financial returns and societal impact. GEF Capital Partners Latam's investment approach relies on a deep understanding of three global macrotrends: 

**Climate change; Population growth & aging; and Urbanization.**

### Climate Change

Countries and companies' commitment to keep global temperatures below 1.5 °C above pre-industrial revolution levels, according to COP26, requires:

- Cleaner sources of energy
- Efficient use of resources (i.e., energy, water, etc.)
- Reduction in GHG emissions
- Increased demand for solutions in climate mitigation and adaptation

### Population Growth & Aging

Global population is expected to reach 8.40 B by 2030 and 9.80 by 2050 (according to the United Nations), creating a need for solutions to overcome the following challenges:

- Pressure on food production (higher productivity is required to make up for the decreasing in available land for agriculture)
- Pressure on climate (argument about reaching proposals from COP-21 are far more difficult)
- Population aging (geriatric population to reach 2.10 B by 2050)

### Urbanization

68% of 2050 population should be living in cities (according to the United Nations). This trend provides opportunities to address the following urban issues:

- Concentrated energy use lead to the development of heat islands
- Higher level of direct GHG emissions
- Increased waste generation and water scarcity
- Increased in poverty, and, consequently, higher inequality

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Scalable business models strengthened by shared Value creation to materially contribute to climate solutions + improve lives
Some of the macrotrends previously illustrated are expected to lead to adverse societal outcomes in the future, as outlined in the World Economic Forum’s annual Risk Report, including extreme weather events, water crisis, biodiversity loss, human-made environmental disasters and natural disasters. GEF Latam recognizes the meaningful role played by enterprises that, through efficient business models, help mitigate the materialization of such risks. We focus on investing in industries supported by key megatrends grouped into three themes: (i) energy, (ii) urban solutions and (iii) food and agriculture. We understand that the list of sub-segments within our core areas is not exhaustive, but we are currently focused on the specific subset outlined below:
Energy is central to nearly every major challenge and opportunity the world faces today. According to the United Nations (UN), around 3 billion people rely on wood, coal, charcoal or animal waste for cooking and heating. Therefore, energy is the dominant contributor to climate change, accounting for around 60.0% of total global greenhouse gas emissions.

We believe in business models that support the smart generation and utilization of energy and that reduce GHG emissions and their effects on climate. Although Brazil’s energy matrix is considered to be “green” relative to the rest of the world, we are privileged in that we have some of the highest solar radiation rates (>1,800 kWh/m²/year vs. Germany’s 1,000 kWh/m²/year) and tremendous wind power potential (estimated at 500 GW, which would be enough to meet the country’s demand three times over), which should lead the country to an even greener future. To move further along this path, Brazil will need to focus on implementing initiatives that promote energy efficiency. Since 2000 the country saved 5% of additional energy consumed in 2017. The structural change in the economic activity, which moved from energy-intensive industry sectors to less intensive manufacturing and service sectors reduced the impact of activity growth by 14%. According to the International Energy Agency (IEA), this reduction would have reached 23% had Brazil invested more in cross-sector technological improvements.

Energy efficiency, renewable energy and changes in the demand for energy services can account for more than 90% of the CO₂ emission reductions needed to achieve 1.5-degree reductions as proposed by the Paris Agreement, reports the International Renewable Energy Agency (IRENA).
Healthy Food and Sustainable Agriculture

This is a key theme that is closely aligned with the macro trends previously illustrated, and is particularly relevant to Brazil, where the availability of adequate rainfall, fertile soil and abundant arable land make the country ideal for agriculture. On top of that, Brazil comprises the largest portion of the Amazon (60%), the world’s largest rainforest and is responsible for a large portion of the world’s current carbon sequestration.

In recent years, agricultural malpractice (i.e., misuse of fertilizers), adverse climate events, and unethical human interventions have created adverse effects that range from soil degradation to the excessive emission of greenhouse gases. According to SEEG\(^9\) Data, agribusiness is the second largest contributor to GHG emissions in the country (577 Mt CO\(_2\) vs. 998 Mt CO\(_2\) from the changes in the use of land and forests from a total of 2.16 Gt emitted in 2020).

According to latest new report by the United Nations Intergovernmental Panel on Climate Change (IPCC), in Brazil, temperatures may rise between 4ºC and 5ºC in the coming decades. This will have a direct effect on rainfall availability and agribusiness productivity. The ongoing deforestation in the Amazon and agricultural malpractice further aggravates the negative effects of the climate. In addition, a warmer, drier environment makes vegetation even more flammable, which imposes biodiversity loss.

As the world works to mitigate risks around food security and climate change, we recognize that pivotal solutions must be implemented in the agricultural sector, and we are excited about the existing opportunities available in Brazil. From efficient plant nutrition to sustainable food and ingredients companies, GEF Latam believes that the sector is fertile for business models that contribute to increased access to healthy dietary options and that use resources efficiently in ways that contribute to minimizing GHG emissions.

\(^9\) plataforma.seeg.eco.br/total_emission#/
According to the UN, the world’s metropolitan areas occupy just 3% of the Earth's land, but account for 60-80% of energy consumption and 75% of carbon emissions. Urban growth brings along massive challenges around job creation, social well-being, and sustainable use of resources. More than half of the global population (4.4 B people) currently reside in cities and this number is projected to rise to 5.2 B by 2030. Rapid urbanization challenges include pressure on fresh water supplies, sewage, overloaded public healthcare systems, and appropriate waste management.

On a global basis, the transportation sector accounts for approximately 25.0% of the greenhouse gas emissions, according to the UN. Well planned mobility systems are crucial to help address climate change.

Given the core role of transportation in sustainable development, we look for companies that provide efficient solutions in this sector. More efforts are needed to fully eradicate a wide range of diseases and address many different persistent and emerging health issues. According to the UN, noncommunicable diseases alone will cost low- and middle-income countries more than US$ 7 T in the next 15 years. We are also looking at companies that provide more efficient health systems, improve sanitation and hygiene, and increase people's access to physicians.

GEF Latam is committed to invest in companies that help design a more efficient urban plan. Needless to say these companies are headquartered in urban areas and, consequently, their management deal with the challenges brought by urbanization. We believe that by investing in the right companies, encouraging research on technology and improving management we can overcome these problems and allow cities to continue to thrive and grow.
Brazilian Context

Privileged to have a substantial portion of its territory covered with native land, Brazil has been attracting international attention due to systemic environmental issues, more specifically to the increasing deforestation in the Amazon. Population growth and rapid urbanization of previously preserved areas contribute to the problem, but no other factor has been so materially adverse as the unethical expansion of soybean production and cattle farming in the Amazon region.

Lately, the situation has become significantly more concerning, since the incumbent federal government remains silent about forest burning and seems firmly committed to the economic development of the forest through exploitative agricultural activities. The Amazon is the largest carbon sink in the world, and as we approach a tipping point in climate change, initiatives supported by private investors have become increasingly more popular, including carbon sequestration projects and ethical use of resources on food production.

Agriculture plays a pivotal role in the country’s economy, currently representing 26.6% of the country’s GDP, and driving a significant portion of economic growth in recent years.

The country has traditionally been highly efficient and has a competitive advantage in the global agribusiness sector. However, greater productivity is required to fulfill the increased demand for food (FAO expects it to increase by 70% between 2020-2050), and a more disciplined use of resources is necessary to mitigate further increases in GHG emissions (according to the World Bank, nearly a third of GHG emissions in Brazil are originated in agribusiness). The sector in Brazil has been attracting special attention from entrepreneurs, researchers and investors, who aim to support innovative interventions from agtechs or well-established companies.

Brazilian GDP Growth\(^{10}\)

10. [https://www.ibge.gov.br/explica/pib.php#:~:text=O%20que%20%C3%A9%20o%20PIB,R%24%207%2C4%20trilh%C3%B3es.](https://www.ibge.gov.br/explica/pib.php#:~:text=O%20que%20%C3%A9%20o%20PIB,R%24%207%2C4%20trilh%C3%B3es.)
Brazil is a continent-sized country with a population of 214 M

World’s ninth largest economy with a GDP of US$ 1.445 T

Its tropical soil produces over 253M TONS of grains every year

Total area 8.50 M (KM²)

The country’s unique land dimensions hold a significant portion of the world’s preserved forests (13% of total, followed by Congo and Indonesia with 4% and 2%, respectively)

15. IBGE
Brazilian general challenges

AGING POPULATION
- ▼ 19% Up to 13 years
- ▲ 15% ≥ 60 years
- ▲ 66% 14-59 years

URBANIZATION
- ▼ 15% Rural
- ▲ 85% Cities
- ▲ 15% Urban

GOODS TRANSPORT
- 61% Road haulage
- 12% Waterway
- 21% Rail freight

VEHICLE FLEET
- 59.12 M 10 years average

SANITATION
- 35 M people with no clean water
- 114 M people with no correct waste disposal
- 100 M people with no sewage

Soybeans[^4] (2021/22E) 125.50 M tons
Pasteur[^6] (2020) 161.30 M ha

Coffee[^9] (2022E) 55.70 M bags of coffee
Sugarcane[^9] (2021/22E) 568.40 M tons
Maize[^9] (2021/22E) 112.30 M tons

GHG EMISSIONS
- 2.16 GtCO₂eq, 7th largest in the world.
- The state of São Paulo is the 4th largest, 50% energy and logistic

46.2% change in land use, mainly in the North region
18.2% Energy and logistic
4.6% Industrial process
26.7% Agricultural
4.3% Waste

On average, Brazilian GHG emission per capita corresponds to 1/7 and 1/3 of the American and European figures, respectively

[^4]: https://sidra.ibge.gov.br/tabela/5918#/n1/all/n6/all/v/606/p/all/c58/all/l/v,c58,t+p/resultado
[^8]: http://www.tratabrasil.org.br/saneamento/principais-estatisticas
In 2020, it is estimated that Brazil's GHG emissions, excluding Land Use, Land-Use Change and Forestry (LULUCF), has dropped by circa 4% in comparison to 2019. Social isolation measures have led to reduced emissions in transportation and electricity generation during the second quarter of the year. However, emissions from agriculture are expected to maintain an upward trend, as fewer livestock were sent to slaughter.28

The country is also unique in that most of its energy matrix relies on renewable sources.

**Brazilian Energy Matrix**29

Some of the world’s highest solar radiation rates

Estimated at 500 GW, would be enough to meet the country’s demand **three times over**

Installed hydroelectric capacity is meaningful for global standards, but Brazil is also privileged in that it has some of the world’s highest solar radiation rates (>1,800 kWh/m²/year vs. Germany’s 1,000 kWh/m²/year) and tremendous wind power potential (estimated at 500 GW, would be enough to meet the country’s demand three times over), which should lead the country to an even greener future.30

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28. https://climateactiontracker.org/countries/brazil/#:~:text=We%20expect%20that%20Brazil%20GHG,activity%20in%20the%20industrial%20sector
29. EPE - IBEn 2021
30. exame.abril.com.br/negocios/dino_old/energias-renovaveis-justo-imenso-potencial-brasileiro-dino89081876131/
As any other country in the Latin American region, Brazil also faces severe social challenges.

Over 55 M Brazilians are classified as poor by the World Bank, and this number increases by 2 M every year.

In 2020, Brazil ranked 8th in the global social inequality only ahead of some African countries.

Over 55 M Brazilians are classified as poor by the World Bank, and this number increases by 2 M every year.

Penetration of water treatment services is fairly low (45% of Brazil’s population doesn’t have sewage services), and private sector involvement is still very limited (i.e., less than 10% of total investments).

With regards to waste generation, Brazil ranks first in Latin America, and accounts for 40% of the total generated in the region (541 thousand tons per day, as per UN Environment).

According to the World Bank’s What a Waste 2.0 report, the country ranks fourth in global waste producer ranking, with 11.30 B tons.

Out of this total, WWF states that 91% are collected, but only 1.28% is actually reinserted into the production chain – one of the lowest global rates and well below the global average of 9%.

Recent amendments in regulation should facilitate investments from private parties, allowing for a rapid and sustainable development of urban areas.

According to a report published in 2020 by the United Nations Development Program (UNDP), Brazil has lost five positions in the world ranking the human development index (HDI), sinking from 79th to 84th among 189 countries.

Changes spurred by COVID-19

The outbreak of COVID-19 has raised numerous questions around the rise of new pandemics going forward, environment protection, rapid climate change and global health. Building back better while we exit the crisis will be the litmus test of all countries’ determination to drive forward the 2030 Agenda for Sustainable Development and the Decade of Action to deliver on the Sustainable Development Goals. From this perspective, we believe that the COVID-19 pandemic has acted as a wake-up call and Brazil plays a pivotal role in leading positive future changes, if we manage to implement the right policies and engage the private sector at scale.

Brazil holds 12% of the world’s total forests with coverage that is second only to Russia. From August 2020 to July 2021, deforestation rates in the Amazon grew 21.97%, which means that 11,088 square kilometers of forest have been cleared.

Cattle ranching and exploitative agricultural activities are the main drivers for increasing deforestation. As a result, Brazil is unlikely to meet the Nationally determined contributions (NDC) targets: 37% reduction in GHG emissions by 2025 and 43% by 2030, compared to 2005 levels.

It is estimated that about 17% of the Amazon Forests have already been degraded. There is scientific evidence that deforestation of 20% to 25% of the Amazon biome could lead to “savannization”, a scientific term for a “tipping point”. This tipping point would cause substantial and unpredictable changes in rainfall patterns in northern, central-western and southeastern Brazil, with a strong impact on the agriculture sector, which plays a pivotal role in Brazil’s economy, currently representing 26.6% of the country’s GDP.

Brazil’s major meat producers have recently publicly reinforced their commitments to tackling deforestation in their supply chains. The sector has also attracted special attention from entrepreneurs, researchers, and investors, who aim to support innovative interventions from agtechs and consolidated companies alike. We believe that the COVID-19 pandemic has acted as a catalyst for the integration of biodiversity related concerns, as well as the enhancement of tech solutions for a wide range of sectors.
The COVID-19 pandemic has also worsened already precarious social issues. According to the IBGE (Brazilian Institute of Geography and Statistics), about 5.7% of the Brazilian population lives on less than US$ 1.90 per day.35

According to the World Bank’s What a Waste 2.0 report, Brazil ranks fourth in the world in waste generation, with 11.30 B tons. Of this total, the WWF states that 91% is collected, but only 1.28% is reinserted into the productive chain (vs. 9% global average).

Role of GEF Latam’s investments in supporting a green recovery

One of the country’s main challenges is to resume economic growth in resilient and sustainable fashion. According to a study published by WRI Brasil and New Climate Economy (NCE), a green economic recovery would allow Brazil’s economy to grow more in the next decade than expected in the current economic model. By 2030, a low carbon, climate resilient economic recovery in Brazil is expected to add up to US$ 535 B to the country’s GDP.36

In that sense, our investment themes and sectors play a fundamental role in supporting Brazil’s sustainable growth.

GEF Latam's Approach

Our investment approach is derived from our pragmatic understanding of global macrotrends and relies on the disciplined application of our risk mitigation, value-driving TrueValue model.

We find that integrating ESG factors into our investment analysis beginning at origination helps us map, anticipate and mitigate any potential risks that might arise in the future. We expose ourselves to sectors that we expect to be more resilient in the long-term when macrotrends materialize, but most importantly, we seek to invest in companies that may potentially help mitigate the adverse impacts of these trends in the future. We have developed our proprietary TrueValue methodology to guide us in the assessment of our prospective investments and help us make more informed decisions that ensure adherence to our core purpose.

This involves an early assessment of the impact of a target's business model. Our understanding is that numerous companies have impactful business models, even if the intentionality is not explicit, so we tend to not discard such businesses from our initial screening process for this particular reason as we believe that business models can evolve to become meaningful impact drivers. The early impact assessment is supported by globally accepted frameworks, including the UN's SDG and the Impact Management Project that lead to a much more thorough internal analysis.

As a prospective investment moves forward to due diligence stage, we introduce a comprehensive ESG assessment supported by various rigorous global standards to evaluate the company's process, leading to a diagnostic, key in the construction of an action plan. We benefit enormously from performing this exercise very early on, as it allows us to identify material risks that can be immediately mitigated (i.e., through inclusion of condition precedent provisions in the share purchase agreement).

Following the closing of an investment, we typically mobilize our internal resources to structure a 100-day plan alongside the company to define the strategy to improve operational processes in the short term and create the basis for long-term growth. As part of this strategy, the ESG action plan, resulting from the Due Diligence described above is introduced, and accountability is assigned at different levels. We monitor progress on a regular basis, reporting to the company's ESG Committee every month. In the ESG Committee meetings, members typically brainstorm about the impact metrics to be monitored and the broader shared value initiatives to be considered going forward.

We believe that companies that contribute profitably to societal progress are better positioned to strive in the market as they reshape the essence of competition, and those are the companies in which we seek to invest. We also fundamentally believe that business models can and should adjust to accommodate this "shared value" strategy, and this is an ongoing exercise that should be a top priority at the board level of every company we support. GEF Latam relentlessly works to implement our TrueValue methodology on our portfolio companies and encourage thoughtful discussion on our monthly ESG Committee meetings aiming to further develop the shared value strategies of our portfolio companies.

We are committed to ensure continuous improvement of our ESG and Impact methodology, by reviewing tools, processes and policies, aiming at obtaining more visible and consistent results. We understand that generating impact goes beyond solely introducing ESG factors and relies on solid execution. The timeline below illustrates some of recent improvements.
According to Michael Porter and Mark Kramer, who introduced the movement in 2011, shared value can affect strategy at three levels: (i) creating new products that address clear societal needs, (ii) enhancing productivity in the value chain and (iii) investing to improve the business environment in the regions where the company operates.

Consider ENC Energy, our waste-to-energy company. The company employs high-end technology to convert methane, one of the most powerful greenhouse gases in terms of heat trapping, into energy, which is distributed in the distributed energy system. This concession model allows for SMEs to consume energy at lower rates, translating into higher disposable income in the circular economy. Through its core activity, the company is directly responsible for a sizeable reduction in landfills’ methane footprint. The positive environmental externality created accredits the company to be an issuer of I-Recs and certified carbon credits, which was only made possible once key metrics started being measured.

As we continue to support this and other businesses, we remain attentive to the ways in which the company may drive positive societal changes, which may enhance returns for our investors.
CREATING VALUE THROUGH OUR TRUEVALUE METHODOLOGY
Through a disciplined introduction of our TrueValue methodology, we aim to create shared value across our portfolio. We aim to strengthen the competitiveness of a company while simultaneously driving positive economic and societal impact. Shared value creation focuses on identifying and expanding the connections between societal and economic progress, superior profits, cost reduction, and competitiveness enhancement.

**PROCESS**

<table>
<thead>
<tr>
<th>Origination</th>
<th>Due Diligence</th>
<th>Shared Value Creation</th>
</tr>
</thead>
</table>
| Systematic approach to identify and evaluate attractive opportunities aligned with our thesis and sectors:  
  • Energy  
  • Urban solutions  
  • Food and agriculture | Rigorous evidence-based assessment, supported by some of the world's most rigorous compliance standards  
  Elaboration of an ESG diagnosis, and subsequent preparation of a customized ESG Action plan | The impact performance indicators to be monitored are established based on IRIS+ metrics and SASB materiality map, both industry-specific  
  Implementation of the ESG action plan derived from the previous phase  
  Establishment of key committees, including the ESG Committee  
  Follow-up on the implementation of the ESG action plan (part of the 100-Days Plan) at the ESG Committee monthly meetings |
| Analysis of the five dimensions of impact proposed by the Impact Management Project:  
  • What  
  • How Much  
  • Who  
  • Contribution  
  • Risk |  
|  

**TOOLS**

<table>
<thead>
<tr>
<th>Origination</th>
<th>Due Diligence</th>
<th>Shared Value Creation</th>
</tr>
</thead>
</table>
| Early Impact Assessment  
  Fit Index framework | ESG Assessment  
  ESG-specific clauses included in the transaction documents to ensure alignment and avoid mission drift | Alignment of Executive compensation with key ESG factors  
  Reporting to the Global Investment Committee  
  Reporting to the LPs  
  GEF Capital’s Annual Reporting |
Origination

Our investment approach considers two primary criteria to filter opportunities. Prospective companies should (i) be operating in a high-growth market where it could achieve above market financial returns and (ii) provide positive societal impact. For this early assessment, we typically rely on a thorough analysis of the five dimensions of impact proposed by the impact management project (IMP) to better understand the materiality of change.

We have identified that this exercise followed by subsequent mapping of the most relevant risks (as outlined in the IMP framework) are crucial to help us understand the proposed impact and the materiality of existing/potential risks.
<table>
<thead>
<tr>
<th>Impact Risk</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Evidence</strong></td>
<td>The probability that insufficient high-quality data exists to know what impact is occurring</td>
</tr>
<tr>
<td><strong>External</strong></td>
<td>The probability that external factors disrupt our ability to deliver the impact</td>
</tr>
<tr>
<td><strong>Stakeholder participation</strong></td>
<td>The probability that the expectations and/or experience of stakeholders are misunderstood or not taken into account</td>
</tr>
<tr>
<td><strong>Drop-off</strong></td>
<td>The probability that positive impact does not endure and/or that negative impact is no longer mitigated</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>The probability that the impact could have been achieved with fewer resources or at a lower cost</td>
</tr>
<tr>
<td><strong>Execution</strong></td>
<td>The probability that the activities are not delivered as planned and do not result in the desired outcomes</td>
</tr>
<tr>
<td><strong>Alignment</strong></td>
<td>The probability that the impact is not locked into the enterprise model</td>
</tr>
<tr>
<td><strong>Endurance</strong></td>
<td>The probability that the required activities are not delivered for a long enough period</td>
</tr>
<tr>
<td><strong>Unexpected impact</strong></td>
<td>The probability that significant unexpected positive and/or negative impacts is experienced by people and the planet</td>
</tr>
</tbody>
</table>

In the very early stages of our investment cycle, we also apply the SDGs framework to evaluate the alignment of the business with the United Nations’ 2030 agenda for sustainable development. We typically identify the goals our prospective companies are aligned with and those that might be directly compromised by the company’s business model. This is an ongoing analysis that helps us further investigate our companies’ true commitment to participate in the resolution of systemic issues (and avoid mission drift).

Utilization of IMP and the SDGs is the backbone of our Early Impact Assessment, which is a valuable tool to guide internal discussions on the risks and opportunities around ESG & Impact. At this stage, immediately following the execution of a confidentiality agreement, the investment team also prepares a Fit Index, which offers a preliminary rating based on various aspects, including compliance with key ESG factors.
Once we have established that a prospective investment has met the criteria to advance in our investment process, we initiate a thorough and multidisciplinary due diligence. One of the key aspects assessed at this stage is the business’ compliance with ESG factors. GEF Latam has developed a proprietary assessment based on rigorous standards including the IFC’s Performance Standards, the IFC EHS guidelines, OECD guidelines for corporate governance, ILO, etc.

We understand that this might be the first interaction most professionals at the company have with ESG factors, and we therefore find it extremely relevant to work alongside the business in order to maximize the utility of this exercise. The output consists in a diagnosis that helps us shape a strategy going forward, which might involve the inclusion of relevant ESG action points as Conditions Precedent to transaction closing, but always translates into the development of a comprehensive ESG action plan to be addressed after closing. We are specifically attentive about distributing accountability, establishing deadlines, and ensuring we are available at all times, in order to guarantee a smooth execution.

GEF Latam's sophisticated framework is based on strict international standards, which are incorporated into the due diligence process and subsequently, into the implementation of the action plan.

International Finance Corporation (IFC)
Organization of the World Bank and member of the World Bank Group, it is the largest global development institution focused on the private sector in developing countries. IFC has introduced standards (the IFC Performance Standards) and principles (the Operating Principles for Impact Investing) that are currently considered best practices to be followed by the industry.

World Bank Group Environmental, Health, and Safety Guidelines
The EHS Guidelines are technical reference documents with general and industry-specific examples of International Good Industry Practice. The World Bank Group requires borrowers/clients to apply the relevant levels or measures of the EHS Guidelines.

International Labor Organization (ILO)
UN agency that sets labour standards, develops policies and devises programmes promoting decent work for all women and men.

Principles for Responsible Investment (PRI)
Voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.

Sustainable Development Goals (SDG)
The United Nations Sustainable Development Goals (UN SDGs) address by 2030 the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. The SDG targets are thoroughly assessed in the DD stage.

Organization for Economic Cooperation and Development (OECD)
Intergovernmental economic organization that has developed the principles for Corporate Governance, which is regarded as one of the industry's most well regarded.
Shared Value Creation

The investment closing seals a new relationship with our investee, which involves close participation in the operation throughout the monitoring cycle. At this stage we establish the key committees, including the ESG Committee, whose members meet on a monthly basis to report on the progress of the ESG action plan implementation and quantitative societal metrics, as well as to discuss broader aspects of the company’s shared value strategy.

We are very pragmatic in selecting the quantitative metrics to be measured and monitored, and usually select a handful to keep this exercise simple and focused on what truly matters. We have focused on resource efficiency, carbon footprint and general social metrics, extracted primarily from IRIS+. In 2021, we began using SASB as a reference guide for material industry-specific resource efficiency metrics and engaged with an external consultant for assessment of our portfolio’s carbon footprint.
Timeline Portfolio Companies

**TECVERDE**
*Investment:* Dec/2015  
*Exit:* Jan/2020

**AGV**
*Investment:* May/2016  
*Exit:* Dec/2019

**Ein luzinae energy**
*Investment:* May/2017

**ENG ENERGY**
*Investment:* Feb/2018

**UNICOBA**
*Investment:* Jul/2019

**Prosolus**
*Investment:* Jul/2021

**GEM**
*Investment:* Dec/2021
Clean Medical

Company Information

Clean Medical (“CM”) is a medical device management and services company dedicated to offering healthcare providers the most convenient solutions to treat patients. CM currently operates nationally, although it focuses on the more densely populated southeast region, more particularly within the São Paulo state. Rental of medical equipment is still a nascent segment, as providers traditionally opt to purchase and maintain devices themselves. CM’s solution comes in useful in that it contributes to an extension of devices’ useful life by offering: (i) an asset light strategy to clients, (ii) access to top notch equipment through the term of the contract, (iii) preventive and corrective maintenance and timely equipment replacement, as required.
Business and Impact Highlights

In Brazil, doctors are typically entitled of all decision making related to the equipment to be utilized on medical procedures, and clinical engineers are responsible for keeping them functional. Inefficiencies are not unusual in this segment, as doctors fail to consider financial aspects and engineers lack some technical capabilities to operate and maintain various classes of medical devices. CM offers a complete suite of equipment services from delivery and tracking, to reprocessing, inventory management, and repair aiming at (i) reducing client costs and increasing operational efficiency, and (ii) improving patients’ treatment experience. The company differentiates itself in this segment by

- Utilization of preventive and corrective maintenance allows CM to anticipate any malfunction, through the life of the equipment
- Long-term relationship with top-tier suppliers of medical devices, with a differentiated portfolio of more than 3,000 medical equipment
- Prompt response to maintenance request – CM usually replaces an equipment at a client’s site in 4 hours within the São Paulo metropolitan area
- Economies of scale on equipment purchase at a discount to average market price including spare parts and post-sales support

We concluded this investment in December 2021 as we had grown more confident that CM is fully capable of spearheading positive changes in the healthcare sector. The investment team’s analysis on the business has also evidenced its strong impact potential, in principle related to the promotion of healthcare access to various segments of society (i.e., an extension of equipment’s useful life will allow for “refurbished” devices to move from a top tier hospital into a second or third tier institution in other regions of the country).
CLEAN MEDICAL
Extended life of Products/ Reuse with other clients

CLEAN MEDICAL
Clean helps postpone equipment disposal through extension of useful life

MEDICAL DEVICE LIFECYCLE

- Installation testing and commissioning
- Regular user maintenance
- Preventive maintenance
- Performance decline
- Functional retirement
- Disinvestment
- Decommissioning
- Planning/ Budgeting
- Regular user maintenance

Decommission

Reuse

- Reprocess
- Refurbish
- Upgrade

- Donate
- Sell
- Trade-in

Decontamination

Eliminate

Disposal

Reassign internally
ESG Action Plan & Impact Strategy

We have conducted the company’s ESG due diligence internally, and although it has become clear that CM is well positioned to deliver its impact mission, our understanding is that there are some important ESG gaps to be addressed during the holding period.

Prior to the engagement with GEF Latam, formalized through our investment, the company had never thought about impact, let alone had it considered any forms of measuring it. We have instilled this practice throughout the due diligence period, and the company is well positioned to measure fundamental metrics, which will be monitored at the monthly ESG Committee meetings.

Introduction of robust ESMS and ESAP

Implementation of a strong corporate governance structure (e.g., establishment of a board of directors, etc.)

Development of appropriate compliance controls across the operation

Development and implementation of robust social policies to be included in the HR Guidebook and Code of Ethics

Introduction of mechanisms to closely measure and monitor resource consumption

Implementation of processes to pave the way towards B-Corporation and ISO certifications

GHG Emissions

- Scope 1
- Scope 2
- Scope 3

Resource Efficiency Metrics

- Percentage of products sold that are recyclable or reusable
- Weight of end-of-life material recovered; percentage recycled
- Waste disposed through reverse logistics and recycling alternatives (if disposed incorrectly, e-waste may result in relevant environmental impact, and while the company has not disposed any equipment to date, this may happen in the future)

Social Metrics

- Staff diversity (% females at all levels)
- Staff turnover (at all levels)
- Training per employee (budget and time per employee)
Pro Solus

Company Information

Founded in 2003, Pro Solus produces and distributes equipment with embedded precision technology for agricultural purposes including planting and spraying directed at small and medium farmers in Brazil. Pro Solus’ product line is well known for their functional design, affordability and reliability.

The company contributes to providing access for small and medium sized farmers to high quality technologies that help increase productivity using planting monitors, GPS systems, in furrow sprayers and spray controllers, which in turn offer practical solutions to enhance utilization of bio inputs through the planting process.

Pro Solus has been working to further address the impact caused by agriculture inefficiencies during the planting and spraying processes. Most recently, the company has developed a self-propelled sprayer and a full line of sprayers to be officially launched in 2022.

In line with the company’s commitment to enhance positive impact in the agribusiness sector, Pro Solus has directed considerable resources towards developing a software business unit. The key objective is to offer solutions that combine software and hardware to increase productivity and reduce use of inputs. Amongst the solutions to be soon launched we would highlight the plague monitoring system, variable rate spraying features, autopilot, and dashboards to support more efficient farm management and decision making on the field. Pro Solus plans to offer end-to-end solutions to farmers allowing them to adjust the mass flow rate and subsequently the application rate of nutrients according to the specific needs of the crop locally within the field, reducing unnecessary use of agricultural inputs.

Pro Solus has solid presence in Brazil, as well as in Argentina, Paraguay, and Bolivia and distributes its products through a large network of agricultural resellers – totaling 500+ agricultural shops. The Company has been expanding its activities to new geographies, aiming at capturing additional value.
At planting stage, farmers rely on various sources of information including humidity, the spacing between each seed, the assurance of no flawed lines. Pro Solus’ offering supports producers in multiple ways:

- **Seed monitors** ensure that seeds are at the exact same distance from one another, and that all planting lines are properly functioning.

- **GPS technology** contribute to smooth input application and helps avoid double application, particularly when the machinery makes turns or operates in areas that don't require nutrient application. GPS technology also contribute to reduction in diesel consumption.

At spraying stage, producers rely on data-supported analyses on efficient use of fertilizers and correctives, existence of compacted layers in the soils, land declination, incidence and level of infestation of weeds, soil fertility analysis and basic infrastructure of the property.

Pro Solus’ full stack of spraying solutions include:

- **In furrow Sprayers** that facilitate utilization of bio fertilizers in the furrow, allowing for enhanced fixation of the roots in the soil, driving superior productivity. Additional functionality related to adjustment of mass flow rate and subsequent application rate in line with specific crop requirements, currently under development.

- **Coupled, tractor and self-propelled sprayers** are currently under development and the technology will optimize application, eliminating over or underapplication. Pro Solus is also working to launch a hybrid self-propelled sprayer by the end of 2023.

Producers typically perform yield analyses to infer correlation between positive outcomes and agricultural practices employed.

Pro Solus software business unit (currently under development) will offer systems that facilitate data collection across the agricultural process and generate intelligence made available on dashboards to assist on efficient decision making. Software solutions include plague monitoring, variable rate spraying features, autopilot and others.
TRUEVALUE Strategy

Pro Solus’s business model contributes to relevant reduction in use of agricultural inputs, which translates to cost savings for clients associated with lower impact on the environment.

GEF Latam investment team has recently introduced the ESG assessment followed by an action plan, which has been embraced by the company, and positive changes are already noticeable.

**ENVIRONMENTAL** – B-Corp certification process, development of a recycling policy and implementation of GHG emissions measuring systems.

**SOCIAL** – introduction of performance KPIs and development of job and wages plan, and establishment of an ESG Committee.

**GOVERNANCE** – formalization of a Board with inclusion of a (female) independent member and development of a robust Code of Ethics.

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**Business value**

Expand the offer of machines that bring more efficiency to input application to small / medium farmers.

- GPS: reduction in diesel consumption
- In-furrow Sprayer: input optimization
- Software: this business unit will further help increase the stake of recurring revenues and average ticket, while also assisting in systemic farm management and agronomic recommendations

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**Environmental and social value**

Reduction in the application of chemical inputs harmful to human health and water fonts.

- GPS: reduction in diesel use and resulting reduction in GHG emissions
- Optimal input application should contribute to strengthen the soil microbiota enhancing its potential to increase carbon sequestration capacity
- The software business unit will contribute to improvements in agronomic recommendations, reinforcing the aforementioned items

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**Shared value**

- Pro Solus offers small and medium sized producers access to technologies that minimize environmental impact, at affordable prices (i.e., in comparison to alternatives in the market)
- Smallholder farming contributes tremendously to the agribusiness sector in Brazil (i.e., 23% of total planted area37). Although top-notch technology is typically not employed in such practices, it could contribute to significant increases in productivity
- By facilitating access to machinery and technology, Pro Solus helps professionalizing agricultural practices, and families are the primary beneficiaries from increases in disposable income resulting from higher productivity rates
- Once the protocols around agricultural carbon offsets have been established, Pro Solus will be well positioned to assist clients in data collection and monitoring, leading to an alternative and potentially significant stream of revenue for producers
- Collection and monitoring of data might contribute to increase stickiness of consumer demand, leading to a reduction in churn rates

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**Notes:**

37. [https://www.embrapa.br/tema-agricultura-familiar/sobre-o-tema](https://www.embrapa.br/tema-agricultura-familiar/sobre-o-tema)
Prior to GEF Latam’s investment, the company was minimally engaged to measure its impact across the value chain. During due diligence stage, the investment team, supported by third-party consultants, mapped fundamental processes and metrics to be monitored and reported by the ESG Committee post-closing. As of Dec./21, the company has implemented systems to monitor and monthly report the following metrics (not exhaustive):

**GHG Emissions**
- Scope 2

**Resource Efficiency Metrics**
- Energy consumption
- Water consumption
- Waste generation

**Social Metrics**
- Staff diversity (% females at all levels)
- Staff turnover (at all levels)
- Training per employee (budget and time per employee)

The company’s ambitious action plan to be spearheaded by the ESG Committee also involves:

- Assessment of soil carbon stocks
- Total addressable market to be reached by Pro Solus and the potential impact in terms of input optimization, bio input application, diesel use reduction and others
- Number of small and medium sized farmers served by Pro Solus (also as % of the TAM)
- Increased utilization of bio inputs vs. reduced application of traditional chemical defensives on a per client basis
ESG Performance
Action Plan Progress

The ESG action plan was implemented shortly after GEF Latam concluded the investment in Pro Solus in June/2021. The company has achieved important milestones, including bringing in a CFO, a female independent board member with deep sector expertise and engaging with a reputable firm to have the financials audited. The ESG Committee has also been implemented, and the Company has been working to create greater engagement amongst stakeholders. The company targets becoming a certified the B- Corp and publishing its first sustainability report in 2022. On the corporate social responsibility front, Pro Solus also closed a partnership with the local basketball team that supports less privileged young people with sport and study initiatives.
# Business highlights

In 2021, the Company registered strong growth, and plans for the coming years are similarly ambitious, driven by the launching of a new product line of self-propelled pulverizes (to be launched in 2022), the development of a new production site, which should lead to expansion of the team. Also, Pro Solus invested on strengthening its governance by structuring a Board of Directors with the inclusion of an independent female member.

## ESG Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td># Refugees/Immigrants among workforce</td>
<td>#</td>
<td>0</td>
</tr>
<tr>
<td>Disabled collaborators</td>
<td>#</td>
<td>1</td>
</tr>
<tr>
<td>Staff</td>
<td>#</td>
<td>115</td>
</tr>
<tr>
<td>Turnover</td>
<td>Annual Avg</td>
<td>4.3%</td>
</tr>
<tr>
<td>Accidents</td>
<td>#</td>
<td>2</td>
</tr>
<tr>
<td>Lost workday injury</td>
<td>Hour/employee</td>
<td>0:28</td>
</tr>
</tbody>
</table>

## Resource efficiency

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumption</td>
<td>kWh</td>
<td>68,463</td>
</tr>
<tr>
<td>Water conserved</td>
<td>M³</td>
<td>243.2</td>
</tr>
<tr>
<td>Waste reduced</td>
<td>Kgs</td>
<td>26,176.9</td>
</tr>
</tbody>
</table>

## ESG Action Plan

<table>
<thead>
<tr>
<th>Status</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized</td>
<td>74%</td>
</tr>
<tr>
<td>Completed or In Progress</td>
<td>26%</td>
</tr>
</tbody>
</table>
Unicoba is a leading energy storage solutions provider, primarily focused on stationary and portable batteries. The company currently serves a wide array of segments and clients, with relevant market share in storage solutions for telecommunications, energy segment, financial institutions, data centers, as well as in the mobile segment for cell phones and laptops, combining market experience with manufacturing expertise on a technology agnostic basis.

As GEF Latam first started considering an investment in Unicoba, what really caught our attention was the company’s leading positioning in energy storage solutions, and its status of relevant supplier of lithium batteries in Brazil. The company’s market position, deep marketing and technical experience and privileged location (i.e., production benefits from tax benefits granted by the Manaus Free Trade Zone), further contribute to reinforce Unicoba’s leading position in the lithium-ironphosphate (LFP) battery segment which present superior temperature resistance, lower waste generation and contributes to reduce disposal of polluting materials.

Additionally, current offerings and new products under development can support the development of renewable energy generation and provide access to electricity to low-income population for the first time, through off-grid projects under development in some regions of the country.
The company was founded in 1973, and develops energy efficiency and energy storage solutions.

Primarily focused on Stationary and Portable Batteries.

In the lithium battery market, the company has a relevant market share and is a trusted supplier for leading global manufacturers of notebooks and cell phones.

The company has introduced a new generation of batteries, more resistant to higher temperatures, with longer lifespan and remote monitoring and anti-theft capabilities.
Currently, the Company has two industrial plants (Manaus-AM and Extrema-MG), Unicoba has hired 25+ refugees from Haiti and Venezuela. Additionally, the Company has been contributing to the local community through projects in partnership with Fundação Amazônia Sustentável (FAS), including the Tumbira and TeleSaude projects.

COVID 19 response

During the pandemic, Unicoba took many actions to mitigate the sanitary effects of the disease within the Company’s operation. Most of the actions taken were related to social and governance aspects, mainly considering the topics of workers and stakeholders.

The Company continues to monitor developments in the pandemic, aiming to preserve the safety of its employees, suppliers and customers.

Unicoba plays a key role in the supply chain of essential medical products by providing energy storage solutions to pulmonary ventilators, infusion pumps, multiparameter monitors and defibrillators/cardioversors.

Following the rise of working from home resulting from the pandemic, demand for cellphones and notebooks has surged, and Unicoba has strengthened its partnership with global manufacturers by supplying batteries that supported the use of portable devices.

Unicoba has also supplied batteries and other specific equipment to the “TeleSaude” project, in partnership with Fundação Amazônia Sustentável (FAS). The initiative has driven positive impact to more than 19 communities with difficult logistic access to healthcare services and has made it possible for the local villagers to consult with doctors through computers powered by batteries provided by Unicoba and solar panels.
Truevalue strategy

The introduction of LFP batteries in solar powered off-grid electricity systems to serve remote areas of Brazil

- Federal regulation mandates Brazilian utilities reserve 0.50% of net profits for energy efficiency projects
- Complex logistics add to the existing difficulties and makes a stronger case for utilizing the most efficient components (that will rely less on maintenance)
- Since the program was created, nearly 60% of the investments have targeted low income populations
- Certain projects provide first time access to electricity for low-income population while other projects replace lead-acid and/or diesel generators by lithium/LFP batteries and solar panels
- Leading energy distributors in the country have introduced programs to install solar powered off-grid systems in the remote Pantanal and Amazon Rainforest regions
- Unicoba produces and distributes LFP batteries, which are more resistant and durable, and require less external maintenance

Introduction of a program to collect and handle clients’ old lead batteries

- A great portion of Unicoba's new clients are former users of lead batteries that opt to switch for more efficient products
- These clients do not always account for the polluting content of the batteries, and end up discarding the residual batteries inappropriately
- On that basis, Unicoba has designed a program to assist clients (new and old) with the collection and appropriate handling of these materials, in line with strict environmental standards
- This initiative has been ramping up, driving additional sales to the company, and impact
Most of Unicoba’s new clients are former users of lead batteries that have opted to switch for more efficient alternatives. On that basis, Unicoba has designed a program to assist clients on the collection and appropriate handling of the materials, in line with strict environmental standards. The reverse logistics program for stationary lead batteries manufactured by Unicoba has been running for over 10 years. This initiative reduces polluting materials and newer batteries have 2-4 times longer lifespan.

Since the initial investment in 2019, GEF Latam has actively supported management on accomplishing key value creation milestones.

Since 2019, Unicoba had important improvements regarding the implementation of its ESG Action Plan.

Regarding the Social aspect, Unicoba finished the implementation of its Human Resource guidebook, which is currently available for its employees. Moreover, the Company has been putting in place mechanisms to guarantee salaries in line with (or above) the market, as well as implementing a Diversity & Inclusion Committee.

With regards to the governance factors, even though the Company has a robust Code of Ethics, some additional best practice provisions were included in 2020 – i.e., mechanisms to prevent the employment of child labor and forced labor, and to actively encourage the employment of disadvantaged professionals.

The Company has also instituted during 2021 dedicated compliance and auditing functions, which are supervised by a Compliance Committee.

Moreover, Unicoba’s recently concluded Environmental and Social Management System (ESMS) is robust and is overseen by specialists in the Extrema and Manaus production sites.

The Company is in final phase of obtaining the ISO14000 certification for the Manaus Plant and on audit phase for obtaining the certification for the Extrema Plant, which has also been using a Unicoba Energy Storage System during peak hours to alleviate the load on the grid.
Business highlights

Since initial investment, Unicoba formed a dedicated ESG/Sustainability team which convenes on a monthly basis to discuss ESG action plan implementation and to report on key Impact KPIs. Company started monitoring Scope 1 and 2 emissions and is working to monitor Scope 3 emissions during early 2Q 2022.

The company has become more resource efficient and paperless, using digital signature software for documents, contributing to reduction of paper use.

The Company has taken actions to reduce the use of energy on its production sites, as well as to increase recycling rates and reduce waste generation. Management has approved the implementation of a revised pilot of reverse logistics program to increase collection and recycling volumes of old lead acid batteries.

Unicoba is working to increase the participation of women in the staff, especially, in management positions. Additionally, Company has intensified efforts towards its social corporate responsibility campaigns, including blood donation runs, donation of clothing, toys and food items to low-income population in remote regions of the Amazon Rainforest.

<table>
<thead>
<tr>
<th>ESG Metrics</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td># Refugees</td>
<td>#</td>
<td>NA</td>
<td>12</td>
<td>28</td>
</tr>
<tr>
<td>Estimated number of impacted lives</td>
<td>#</td>
<td>NA</td>
<td>7,400</td>
<td>42,099</td>
</tr>
<tr>
<td>Staff</td>
<td>#</td>
<td>493</td>
<td>503</td>
<td>570</td>
</tr>
<tr>
<td>Turnover</td>
<td>Annual Avg</td>
<td>1.8%</td>
<td>1.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Diversity of Workforce</td>
<td>% of female on total</td>
<td>52%</td>
<td>52%</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>% of female in mgmt position</td>
<td>NA</td>
<td>22%</td>
<td>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resource efficiency</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste reduction through reverse logistics</td>
<td>Kgs</td>
<td>382,107</td>
<td>697,334</td>
<td>1,214,222</td>
</tr>
<tr>
<td>Energy Consumption</td>
<td>MWh</td>
<td>3,007</td>
<td>2,726</td>
<td>3,168</td>
</tr>
<tr>
<td>Water conserved</td>
<td>M³</td>
<td>5,436</td>
<td>7,644</td>
<td>7,826</td>
</tr>
<tr>
<td>Materials consumed</td>
<td># paper sheet</td>
<td>657,000</td>
<td>293,711</td>
<td>237,097</td>
</tr>
<tr>
<td>Waste reduced</td>
<td>Kgs</td>
<td>203,971</td>
<td>212,563</td>
<td>238,348</td>
</tr>
<tr>
<td>Amount of Pb not produced due to LFP</td>
<td>tons</td>
<td>-</td>
<td>-</td>
<td>3,799</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESG Action Plan</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized</td>
<td></td>
<td>38%</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Completed or In Progress</td>
<td></td>
<td>62%</td>
<td>92%</td>
<td>95%</td>
</tr>
</tbody>
</table>
ENC Brasil (ENC) is a leading waste-to-energy solutions provider and owner of landfill gas-to-energy ("LFGTE") plants, which currently operates 31MW. Besides enabling the reduction of fossil energy in the Brazil’s energy matrix, ENC’s solution is more efficient and reliable than other renewable sources. It can achieve levels of energy efficiency up to 4 times higher than Solar Photovoltaic (PV), while contributing to a substantial reduction in methane emissions, which is around 25 more powerful than CO₂ as a heat trapping gas.

Among the key challenges for renewable energy sources is the intermittency. ENC’s technology addresses this issue as it operates nearly 90% of the time, which is consistently higher than other intermittent sources and allows a lifetime generation cost per kWh of LFGTE ~34% lower than solar PV, for instance.

Besides the positive environmental outcomes, ENC Brasil business model contributes directly to socio-economic growth. The company distributes energy to SMEs38, allowing for a reduction of up to 20% in energy costs and then higher disposable income to clients.

At the time of the investment, distributed generation (DG) grew on average 40% quarter-over-quarter and was expected to reach 0.9 M connections by 2024. The Company had an immediate pipeline of contracts, which would support a diversified platform both in the DG and Free Market.

The company was founded in Brazil in 2012 as a subsidiary of ENC Portugal, a specialist in waste-to-energy generation in Europe, with a long history of success in several countries. ENC is a leading provider of waste-to-energy solutions and owner/operator of landfill gas-to-energy plants ("LFGTE"). ENC is uniquely positioned in the nascent LFGTE sector, with a robust pipeline of new plants to be developed.

ENC owns landfill biogas Generation plants in six states: Maranhão, Pernambuco, Rio de Janeiro, São Paulo, Minas Gerais and Paraná. ENC has been expanding its activities to new geographies, aiming at capturing additional value. In 2021, three additional biogas plants in the distributed generation model were commissioned in different states.

38. Small and medium-size enterprises
TRUEVALUE Strategy

ENC Energy’s business model directly impacts hundreds of SMEs and drives substantial environmental impact

ENC’s waste-to-energy solution converts methane, one of the most potent greenhouse gases, into energy, which is sold in the distributed energy system, primarily to SMEs and large energy consumers through Power Purchase Agreement (PPA) contracts. It is estimated that methane is around 25 times more potent than CO₂ as a heat-trapping gas.

Since introduction of the ESG assessment followed by the action plan, ENC has substantially improved its processes.

As a result of its core activity to GHG reduction and renewable energy generation, ENC has become a certified carbon credit issuer and sold its first International Renewable Energy Certificates (I-RECs) and certified Carbon Credits to the market.

ENVIRONMENTAL – mapping of relevant risks and introduction of mitigation plan, eventually leading to ISO certification, etc.

SOCIAL – introduction of HR guidebook, training schedule, performance KPIs, relevant provisions in the Code of Ethics, etc.

GOVERNANCE – formalization of a board mandate, introduction of a Code of Ethics, and compliance function to monitor all processes

Local leading waste-to-energy company with attractive economics
Mitigation of operational risks through the monitoring of key ESG factors, which indirectly translates into a higher return to landfill owners

Reduction of residuals and GHG emissions
Concession model of energy distributed generation allows SMEs to access energy at lower rates, which translates into higher disposable income in the circular economy
Solution promotes appropriate landfill operational controls

Reduction of methane emission accredits the company to be a certified issuer of carbon credits
In addition to current profitability levels, as demand increases for such credits, the company shall benefit from an increasingly more valuable source of revenue
Core activity based on the capture of harmful greenhouse gases from waste landfills and conversion into electricity. As a result, less methane is released into the atmosphere. Reduction in methane emissions resulted from the core business activity – methane captured at landfills sites – from 407 K tons CO\textsubscript{2} eq in 2020 to 703 K tons CO\textsubscript{2} eq in 2021.

Differently from other intermittent sources (e.g., solar, wind, which generate energy at 20-40% of the time), ENC’s technology operates consistently throughout the day, except during scheduled maintenance services.

By distributing in the DG segment, ENC allows SMEs to capture up to 20% in energy cost savings, which translates into higher disposable income to beneficiaries. As a result, beneficiaries may focus their financial resources on other investments that may further improve their competitiveness. Approximately 60 local SMEs benefited.

Distributed Generation and energy generation closer to consumers enables loss reduction of energy distribution and mitigates infrastructure inefficiencies.
ESG Performance

Action Plan Progress

Implementation of the ESG action plan evolved impressively in 2021. The company has achieved important milestones, including the introduction of internal Net Promoter Score (NPS) to monitor employee satisfaction, the formalization of training modules for the operational team, and closer involvement with various stakeholders, including the population that lives nearby landfills. Furthermore, ENC is in the final stages to becoming a certified B-Corporation (process to be concluded by 2Q2022).

ENC has recently established a program to give back to selected NGOs in the vicinities ("Justiça nos Trilhos" and "Instituto Antônio Brunno"), which will receive a portion of the company’s generated proceeds from the DG segment.
Business Highlight

In 2021, new plants were commissioned, and some of the installed plants were ramping-up to full capacity through the year. The Company increased focus on maintaining state-of-the-art operational performance, which translates into KPIs higher than registered in 2020.

Stronger growth led to job creation, and more investment on staff (i.e., training per employee), which translated into the company's better operational performance.

<table>
<thead>
<tr>
<th>ESG Metrics</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td># Refugees/Immigrants among workforce</td>
<td>#</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Staff</td>
<td>#</td>
<td>29</td>
<td>35</td>
<td>46</td>
</tr>
<tr>
<td>Staff Turnover</td>
<td>Annual Avg</td>
<td>3.1%</td>
<td>1.7%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Training Expenditure/Employee</td>
<td>R$/employee</td>
<td>157</td>
<td>258</td>
<td>8,601</td>
</tr>
<tr>
<td>Hours Training/Employee&lt;sup&gt;39&lt;/sup&gt;</td>
<td>Hours/employee</td>
<td>2</td>
<td>16</td>
<td>28</td>
</tr>
</tbody>
</table>

<sup>39</sup>. Training expenditure higher than in previous years as a result of a specific training module granted to the operational team

<table>
<thead>
<tr>
<th>Resource efficiency</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in GHG emission resulted from the business’ core activity</td>
<td>Ton CO₂ equiv</td>
<td>120,318</td>
<td>407,135</td>
<td>702,817</td>
</tr>
<tr>
<td>Substitution in energy consumption resulted from the business’ core activity</td>
<td>MWh</td>
<td>25,085</td>
<td>112,862</td>
<td>212,812</td>
</tr>
<tr>
<td>Energy consumed by the business</td>
<td>MWh</td>
<td>254</td>
<td>7,097</td>
<td>12,973</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESG Action Plan</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized</td>
<td></td>
<td>45%</td>
<td>18%</td>
<td>6%</td>
</tr>
<tr>
<td>Completed or In Progress</td>
<td></td>
<td>55%</td>
<td>82%</td>
<td>94%</td>
</tr>
</tbody>
</table>
Luminae is a vertically integrated energy efficiency company that delivers LED lighting solutions. Since 2008, the Company has consolidated itself as a reference in energy efficiency in Latin America, with absolute leadership in the retail segment, in addition to a strong presence in the pharmaceutical, education, industry and logistics sectors.

Operation is segmented into three business verticals: Lighting, Management & Intelligence and Solar. The Lighting business unit develops high-performance lighting projects and delivers customized energy efficient LED lighting solutions. Luminae’s Energy Monitoring & Intelligence business uses AI to optimize consumption of utilities (energy, water, and gas) and manages other parameters (temperature, vibration, etc.) through its proprietary monitoring system (Neuron).

Through its Solar Energy business, Luminae develops and implements solar energy generation systems to its commercial and industrial clients.

The three business verticals support the Company’s long-term strategic positioning, providing a one-stop shop solution to its clients on the renewable energy generation and energy efficiency fronts.
Luminae has a strong track record and reputation in the supermarket (food retail) sector, where it serves 85 of the top 100 food retail chains in Brazil, with projects delivered to over 3000 stores in more than 26 states.

Average project payback between 10-24 months – clients can pay Luminae with the energy savings during the payback term.

The company operates in three business units: Efficient Lighting; Solar Energy; Management & Intelligence.

Luminae was founded in 2008 to offer lighting solutions focused primarily on commercial and industrial (B2B) sectors in Brazil.
Largest professional lighting company in the country, with a portfolio of 600 clients. Among the largest professional lighting companies in the country for the private sector.

COVID 19 response

With the pandemic, Luminae took strategic actions, focusing on the health and safety of employees and also adapted part of its operation to assist with community’s health protection. Following a momentary reduction in demand for lighting systems, the company adapted part of the production site to accommodate the manufacturing of face masks and has donated over 200 thousand masks during the pandemic.
TRUEVALUE Strategy

Luminae’s business model drives a reduction in energy consumption, which translates to cost savings for clients

Since the introduction of the ESG assessment followed by an action plan, Luminae has substantially improved its processes.

Luminae’s core activity is to produce and distribute highly efficient LED lighting systems that lead to optimal resource utilization, translating into cost savings to clients and lower impact on the environment.

The ESG assessment introduced to the company indicated an indirect environmental risk that arises as clients purchase Luminae’s solution, replacing old structures, which are typically mishandled. This creates an opportunity for the company to strengthen its positioning.

**ENVIRONMENTAL** – mapping of relevant risks and introduction of policies around the sustainable use of resources.

**SOCIAL** – introduction of the HR guidebook, training schedule, performance KPIs, and relevant provisions in the Code of Ethics, etc.

**GOVERNANCE** – formalization of a board mandate, introduction of a Code of Ethics, and compliance function to monitor all processes.

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Studies indicate that helping save 1 MWh is 4 times cheaper than generating 1 new MWh. Luminae has directly contributed to the reduction of 13.70 M kWh of electric power as a result of its more efficient LED solution (2019).

More efficient LED systems translate into cost efficiency for the clients, creating a natural comp. advantage for Luminae.

Ongoing promotion of a reverse logistic initiative will further reinforce Luminae’s strong market positioning.

Strategy under implementation

When replacing its lighting structures, clients often discard old equipment inappropriately, creating adverse environmental externalities.

Luminae is about to partner up with a third-party firm that will offer residual collecting services, minimizing direct or indirect adverse impact from Luminae’s sales process.
Luminae has engaged in several initiatives to contribute to the community and diversity, including the implementation of a refugee inclusion program, social programs for the inclusion of disabled people and female executives/advisors hiring. In 2020, the company hired an external female advisor to assist the Board primarily on HR initiatives and during 2021, Luminae had 5 refugees among its employees.

The Company has developed a proprietary technology supported by the world’s most efficient LED system, which offers up to 80% in savings compared to conventional alternatives. When considering the efficiency aggregated by the Management & Intelligence division, additional 20% in savings can be achieved. Furthermore, Luminae has recently launched a new business unit that offers PV solutions to clients, which further positions the company as a one-stop solution platform for its clients.

In 2021, Luminae’s lighting efficiency projects have contributed to reduce emission of 4,575 tons of CO₂ equivalent.
Since the initial investment in 2017, GEF Latam has actively supported management in achieving important value creation milestones.

In the past 2 years, Luminae has finalized its Human Resource Guidebook, which has been introduced to collaborators through specific training modules. Luminae has also established a grievance mechanism for employees. With regards to best environmental practices, Luminae has introduced an internal recycling program, and has formalized the first steps towards obtaining the B-Corp certification. Luminae also made public to employees in 2021 its Code of Ethics, which guides the principles designed to help internal and external stakeholders conduct business.

In 2021, the Company elaborated and published its first Sustainability Report⁴⁰, in line with the GRI standards.

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⁴⁰ https://qrgcustomers.s3-eu-west-1.amazonaws.com/account13506584/23652155_2.pdf?0.7932200309761341
Business Highlight

Since 2020, Luminae has established targets aiming at reducing waste/effluent generation (e.g., 15% of waste and effluent generation reduction as a target by 2025).

Additionally, we can highlight that Luminae has improved its building infrastructure aiming at reducing its water consumption and established a target of 15% reduction by 2030. Finally, the Company launched a proprietary educational platform, Universidade Ilumina, to assist employees and executives to keep improving skills, which are required by its business model.

### ESG Metrics

<table>
<thead>
<tr>
<th>ESG Metrics</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td># Refugees/Immigrants among workforce</td>
<td>NA</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Disabled collaborators</td>
<td>3</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Staff</td>
<td>320</td>
<td>526</td>
<td>347</td>
</tr>
<tr>
<td>Turnover</td>
<td>4.4%</td>
<td>6.3%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Accidents</td>
<td>3</td>
<td>45</td>
<td>24</td>
</tr>
<tr>
<td>Lost workday injury</td>
<td>3.7</td>
<td>1.0</td>
<td>0.5</td>
</tr>
</tbody>
</table>

### Resource efficiency

<table>
<thead>
<tr>
<th>Resource efficiency</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in GHG emission resulted from the business' core activity</td>
<td>3,851</td>
<td>2,722</td>
<td>4,575</td>
</tr>
<tr>
<td>Energy Efficiency Indicator</td>
<td>51.3</td>
<td>44.1</td>
<td>36.2</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>1,002,314</td>
<td>963,541</td>
<td>1,051,676</td>
</tr>
<tr>
<td>Water conserved</td>
<td>250</td>
<td>200</td>
<td>-</td>
</tr>
<tr>
<td>Waste reduced</td>
<td>NA</td>
<td>197,998</td>
<td>-</td>
</tr>
</tbody>
</table>

### ESG Action Plan

<table>
<thead>
<tr>
<th>ESG Action Plan</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized</td>
<td>45%</td>
<td>18%</td>
<td>8%</td>
</tr>
<tr>
<td>Completed or In Progress</td>
<td>55%</td>
<td>82%</td>
<td>92%</td>
</tr>
</tbody>
</table>
GEF Latam seeks to invest in businesses that strive to achieve superior performance while contributing to create fundamentally positive environmental and social impact.

Upon exiting an investment, we expect that resources spent on maximizing impact throughout the investment cycle will have driven superior risk-adjusted returns, but we are also concerned about the continuity of our positive legacy.

In sum, we want to leave companies in better places than where we “found” them. According to the IMP framework, investors that proactively and systematically consider measurable positive and negative enterprise impacts in their investment decision-making, and that communicate this consideration to investee enterprises and to the market at-large are pursuing what the consensus terms a “signal that impact matters” strategy.
Alignment with

Tecverde

Company information

Tecverde is an innovative homebuilder located in Curitiba, Brazil. The Company has developed a modular and industrialized construction system for the Brazilian market that can build up to 80% of a home in a factory setting. The modular wall panels are then shipped to the site for final assembly. The system allows Tecverde to build a home or apartment 3 times faster and up to 10% more competitive in terms of cost. The units up to also deliver much better thermal and acoustic comfort. Most of the houses were directed to the government backed program *Minha Casa Minha Vida*, GEF Latam successfully exited the company in 1Q2020 through a strategic sale.

GEF Latam’s contribution and company development:

1. Forward integration with the objective to provide more control of the value chain, increase scale, and lower costs for clients
2. Strong support to daily cash flow management, and debt raising with financial institutions
3. Active role in strategic planning, hiring of executives, and goals definition

GEF Latam’s contribution – Value creation and Impact generation

Multiple publicly available studies have concluded that construction and advertising of sustainable houses translate into higher sales. The company has managed to substantially avoid waste and reduce CO₂ emissions. It has directly benefited nearly 8,000 people.

<table>
<thead>
<tr>
<th>ESG KPI</th>
<th>UNIT</th>
<th>2020</th>
<th>SDG targets linked to KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ avoided</td>
<td>tons</td>
<td>3,588</td>
<td>13.1</td>
</tr>
<tr>
<td>Waste avoided</td>
<td>tons</td>
<td>3,714</td>
<td>11.6</td>
</tr>
<tr>
<td>Water saved</td>
<td>M³</td>
<td>984</td>
<td>12.2</td>
</tr>
<tr>
<td>Social impact</td>
<td>People benefited</td>
<td>3,815</td>
<td>12.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>6.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>6.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>11.3</td>
</tr>
</tbody>
</table>
AGV Health/FMCG

Company information

Founded in 1998, AGV is a 3PL logistics service provider, with an asset light business model and with integrated warehousing and transportation systems.

The company has a strong presence in sectors that show increasing demand for logistics solutions in Brazil, including animal health and nutrition, human health and fast-moving consumer goods. GEF Latam successfully exited the company in 4Q2019 through a strategic sale.

GEF Latam’s contribution and company development:

1. Introduction of lean management concepts and best ESG standards
2. Commercial focus on health and adjacent markets with high growth potential
3. Profitability reassessment per client
4. Attraction of independent Board member establishment of management incentive plan and leadership in People, Strategy and Finance
5. Commercial and Risk Management Committees

GEF Latam’s contribution – Value creation and Impact generation

AGV Health & Nutrition supports a more efficient protein supply chain and contributes to healthier foods by ensuring effective delivery of key vaccines and medicines to farmers in all regions of Brazil

The less than truckload (LTL) to full truckload (FTL) freight consolidation nationwide removes trucks from the roads and together with an efficient fleet management, which follows strict norms of temperature and safety, reduces CO2 emissions
GEF CAPITAL PARTNERS
As part of a broader group with a global footprint, we are proud and inspired by the activities led by our colleagues in other regions. They have been demonstrating their true commitment to create positive societal impact and some recent concluded transactions demonstrate exactly that. These are two recent exits completed by the firm globally that each had a very substantial impact on climate and resource efficiency.

Prince Pipes is a leading player in the fast growing Plastic Pipes industry in India. The company has a comprehensive product portfolio with over 7,200 SKUs and balanced market share across applications in plumbing, irrigation, sewage disposal and underground drainage. Prince Pipes is well positioned to serve and ride on the several institutional initiatives towards piped water supply, sewage and rainwater harvesting, which as a means of water conservation, is increasingly gaining momentum. Company's products have reduced chances of leakage and maintenance issues, supporting water conservation far better than any civil construction.

Bluesource has been a pioneer and thought leader when it comes to carbon credit markets since 2001, when it was founded. Bluesource works with clients such as a forestry management company to develop and verify carbon credits associated with sustainable forestry practices and then market and sell those credits across a variety of regulatory and voluntary markets. Bluesource is one of the largest players in the California and Alberta regulatory compliance markets as well as in the rapidly growing voluntary market as blue-chip companies take an increasingly prominent role in helping prevent climate change. By working with such clients, to develop, certify and monetize carbon credits, Bluesource plays a critical market role in helping develop and finance these environmentally sustainable practices. The company has had a direct role in developing more than 150 million tons of carbon credits as well as many other environmental attributes.