

MAS Equity Fund III

Private Equity Fund

ESGG Report
December 2023

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1. Introduction

MAS Equity Partners is a firm engaged with sustainable investment, prioritizing the interests of our investors, companies, and stakeholders. Our operations adhere to high standards in social, environmental, and corporate governance, aiming for positive social impact and diversity promotion.

We encourage our team and portfolio companies to incorporate ESG criteria, especially focusing on the IFC's Performance Standards, which advocate for gender equity and top environmental practices. Our compliance addresses social risks, working conditions, community health, and environmental protection. Research indicates that funds using ESG policies outperform traditional strategies, making E&S action plans crucial for every deal. Moreover, our practices align with the United Nations' Sustainable Development Goals.

At MAS Equity Partners, we have developed various ESG strategies and practices leading to optimal financial outcomes. For instance, by integrating diversity and gender equality principles, we have enhanced the fund's value, creating a healthier work environment that boosts productivity.

We are committed to building a more sustainable Andean region for future generations by continuing to implement the highest international ESG standards. We encourage all fund managers to adopt ESG policies in their investment processes to improve society.

MAS Equity Partners



2. About MAS Equity Partners

MAS Equity Partners (MEP) is a pioneer Colombian private equity firm, with 19 years of successful investments in mid-size companies within the Andean region. The firm specializes in hands-on private equity investments in high performing, innovative and scalable companies, including award winning investments like Rocsa (Best Deal of Colombia 2019 – ColCapital), Clínica Las Américas (Best Deal of Colombia 2018 – ColCapital), Andrés Carne de Res (Best Deal of Latin America, 2017 – LAVCA) and Bodytech (Best Deal of Colombia 2016 – ColCapital). Moreover, at a Fund & Asset Management level, during 2023 MEP has been awarded as the Colombian Private Equity Company of the Year ([Global Banking & Finance Review](#)).

MAS Equity Partners has not only been a successful private equity firm related to the performance of its portfolio companies. The General Partner has also been characterized as a firm that invests with purpose. Throughout the year 2023, MEP was awarded with the Best Corporate Sustainability Strategy Colombia ([Global Banking & Finance Review](#)).



MEP has offices in Bogotá and Lima. A targeted, regional focus with local presence and a team with more than 66 years of combined experience in private equity, investment banking and commercial banking gives MEP important advantages throughout the investment process.



Central America
Investments: 1
Sectors: Real Estate
Development



Peru
Investments: 1
Sectors: Healthcare



Argentina
Investments: 1
Sectors: Security



Colombia
Investments: 15
Sectors: Chemicals,
Food Production,
Healthcare, Industrials,
Financial Solutions,
Fitness, Oil and Gas
Services, Restaurants,
Transportation, and
logistics

The firm's successful track record is the result of a structured approach to value building, through local presence and hands-on involvement.



3. Our commitment with the United Nations Sustainable Development Goals



The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, offers a collective vision for peace and prosperity for people and the planet, now and in the future. Central to this agenda are the 17 Sustainable Development Goals (SDGs), which urge immediate action from all countries, both developed and developing, in a global partnership. These goals recognize that ending poverty and other challenges must be coupled with strategies to improve health and education, reduce inequality, and drive economic growth—all while addressing climate change and conserving natural resources.




At MEP, we support this initiative by incorporating SDG principles into our investment thesis and value creation strategy. As a fund manager, we promote economic growth by creating jobs and fostering the financial success of our portfolio companies, positively impacting the national GDP. We advocate for the use of sustainable practices in the daily operations of our portfolio companies and promote equal treatment and new job opportunities for women.

We form alliances with medium-sized, resilient companies by adopting a multi-sector strategy and assisting rapidly expanding companies that drive emerging economies. By implementing this plan, we aim to benefit not only the assets in our portfolio but also society and future generations.

Our primary Impact:



The MEF III portfolio companies could be potentially aligned with the Sustainable Development Goals of the United Nations, as follows:

Company	Sector	Investment Type	Client Type	SDG's ¹
	Chemicals	Equity	Category B ²	   
	Healthcare	Convertible loan	Category B	  
	Industrials	Equity	Category B	   
	Industrials	Convertible loan	Category B	    
	Real Estate Development	Equity	Category C ³	 
	Agribusiness	Debt	Category B	  

It is important to clarify that this exercise was carried out within the MAS Equity Partners' ESGG team. These are not official results that have come out of rigorous monitoring by an external consultant or are endorsed by an official entity or study. It was developed through internal research based on knowledge of the companies resulting from an internal exercise that produces an analysis of our efforts to support the goals set by the UN through the SDGs.

¹ ONU, SDGs, February 2022.

² Medium risk (category B): Transactions typically involve clients/investors with business activities with specific environmental and social impacts that are few, generally site-specific, largely reversible, and easily addressed through mitigation measures and international best practices. Potential adverse environmental impacts on human populations or areas of environmental significance are less adverse than for high-risk transactions.

³ Low risk (category C): Transactions usually involve clients/investors with business activities with minimal or no environmental and social impact.



4. MEP ESGG & Gender Strategy (ESGG)s

To align with the highest ESG standards, we work towards generating an inclusive and diverse work environment by promoting the IFC standards in our own operations as well as in our portfolio companies. It has become a priority for us to implement ESG strategies and we are looking forward to continuing with these initiatives.



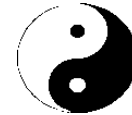
Integrity Management System **IMS**

- **Highest integrity standards** of the investees
- **Best of breed business partners**
- **Prevention and monitoring** of AML/CFT and other prohibited practices
- **Careful administration and monitoring** of reputational and legal risks



Social & Environmental Management System **SEMS**

- Establishment of **policies, processes and procedures** to follow during the investment and divestment process
- Compliance with **local regulation and international standards** (IFC, IIC and World Bank Group)
- **ESGG gap analysis and action plan**
- **Asset monitoring and reporting**
- **External consultant support** for due diligence and monitoring processes



Gender Lens Investment Strategy **GLIS**

- | GP | Portfolio |
|--|---|
| <ul style="list-style-type: none"> • Labor diversity & inclusion • Equal opportunities to equally qualified people • Improved work environment • Encouragement • International standards (WEP Tool, 2X Challenge & IFC standards) | <ul style="list-style-type: none"> • Gender-smart origination • Proactively consider gender in investment analysis • Gender-smart portfolio management • Monitoring and reporting |

4.1. Social and Environmental Management System

Additionally, MEP has a Social and Environmental Management System (SEMS), which establishes the policies, processes and procedures to follow during the investment and divestment process.

4.1.1 Due Diligence

The fund manager together with a third-party expert should guarantee the following:



Methodology	Deliverables	Documentation
<ul style="list-style-type: none"> - Compliance with applicable regulations. - Alignment with international standards: <ul style="list-style-type: none"> ✓ Environmental and Social Sustainability Performance Standards-PS of the International Finance Corporation -IFC. ✓ Environmental and social sustainability policy of the Inter-American Investment Corporation. - Review of the corporate governance of the company in relation to the identification and management of environmental, social, safety and health risks at work. - World Bank Group Environmental, Health and Safety (EHS) Guidelines. - Gender equality review. 	<ul style="list-style-type: none"> - Screening: exclusion list and categorization of projects. - Analysis of environmental and social gaps: validation of compliance with international standards. - Environmental and social action plan. - ESGG indicators that the Professional Manager will monitor. 	<ul style="list-style-type: none"> - SEMS for risk categorization and exclusion list. - External advisor reporting format for due diligence and the action plan for each investee.

4.1.2 Asset Monitoring and reporting

The main objective of asset monitoring is to verify compliance and follow-up on the commitments established in the action plan defined during the due diligence.

Methodology	Deliverables / Documentation
<ul style="list-style-type: none"> - Compliance with applicable regulations. - Compliance with international standards: <ul style="list-style-type: none"> ✓ IFC environmental and social sustainability performance standards. ✓ Inter-American Investment Corporation Environmental and social sustainability policy. ✓ World Bank guide on the environment, health, and safety (MASS). - Preparation of checklists, according to the topics to be audited. - Documentation review, in which the relevant documentation for the achievement of the commitments established in the action plan will be verified. - Visit and inspection of company facilities. The monitoring process was done virtually and face to face and the progress document was included in the quarterly report. - Preparation of the monitoring report, which will include: i) Gaps found, ii) ESHS risks and critical aspects, iii) Recommendations for closing gaps, iv) Verification that the company has the necessary infrastructure in place to meet its commitments. - MEP monitors the E&S action plan through MEP's Investment officer and the company's management team. - Meetings with third-party advisors: presentation of monitoring findings and discussion of results between the Professional Manager and the external advisor. 	<ul style="list-style-type: none"> - Annually: Monitoring report with the status of the action plan, the status of compliance with commitments established in the action plan and recommendations. - Semi-annually: Supervision report from an external consultant with the status of the action plan, newly identified risks, and recommendations. - Quarterly: In the quarterly reports to investors, a brief description will be included for each company, on the construction of value through compliance with ESGG indicators environment, social and corporate governance: <ol style="list-style-type: none"> a. Compliance and relevant aspects of the action plan. b. Performance of ESGG indicators. c. ESGG Risk Alerts. d. Benchmark relative to other industries. - Corporate Governance: The Professional Manager will make use of the corporate governance mechanisms to monitor the implementation of ESGG policies: <ol style="list-style-type: none"> a. Fund Portfolio Assets: ESGG report for the company's shareholders. b. Boards of directors of the fund's portfolio assets: the boards of directors and management teams of each company will monitor the progress of the action plans periodically. c. External Advisor (independent from the GP): will carry out the annual validation of the progress of the action plans.



4.1.3 Training

Training of the investment team, the board of directors and management team of the companies to which due diligence was carried out to ensure they comply with the action plan. The main objective is to strength capacities related to environmental, social, and occupational health and safety management, in the context of IFC's Performance Standards and standards requested by multilateral banks that contribute to the financing of MAS Equity Partners operations.

During 2023 the external consultant (Environmental Resources Management – ERM) provided guidance and resources to the companies' portfolio staff in charge of ESG management, to assure the best results with the E&S Action Plan level of compliance.

4.1.4 Gender Evaluation

4.1.4.1 Gender Policy

MEP has a Gender Policy to measure the impact on profitability through diversity. Its main objectives are:

- a. To implement strategies and policies that intentionally and measurably address gender disparities.
- b. To examine gender dynamics to better inform investment decisions and gender lens programs.

4.1.4.2 Gender Lens Approach

The fund manager works on diversity and gender equity from two dimensions. Both from the management firm itself and on the other from the fund portfolio companies.

Firm Level

MEP Strengthens Diversity

- Set targets.
- Attract and promote female talent.
- Build a respectful workplace culture.
- Measure and report progress.
- Commit publicly to gender diversity.




MEP has a Wide Gender Strategy

- GLIS Strategy.
- Encourage our people.
- Enhance progress.
- Engage partners
- Gender Lens Advisory Board, gender lens compliant.
- Investment Committee, gender lens compliant.



4.1.4.3 Portfolio Level





MEP focuses its investment process taking into consideration the following points:

	Strategy (Gender lens)	Gender-smart origination (For new investment opportunities)	Gender-smart Portfolio Management (For existing investments)
	Invest in companies	Identify and consider	Support portfolio companies to
 LEADERSHIP	With women represented in leadership (founder, co-founder, gender-balanced leadership team).	Companies where women are represented as founders, co-founders, or part of a gender-balanced leadership team and are committed to increasing gender diversity within their leadership as represented in senior leadership and the Board of Directors.	Increase gender diversity among leadership.
 EMPLOYEES	Committed to a gender diverse and equitable workforce.	Companies that have a gender-diverse workforce or that are committed to increasing diversity throughout the workforce or supply chain.	Increase the gender diversity of the employee base and enhance workplace equity for both female and male employees.
 COMMUNITY	Committed to ensuring their operations do no harm to women in the community.	Consider the representation and needs of women community stakeholders that could be impacted by company's operations.	Develop gender-inclusive community engagement processes and operations.



4.1.4.4 Gender Lens Investment Strategy (GLIS)

The fund manager has a transversal strategy for the investment process, starting with the investment criteria, the origination process, due diligence, and monitoring of investments:






Gender Lens Investment Strategy	
 <p>GENERAL INVESTMENT CRITERIA</p>	<ul style="list-style-type: none"> • Growth Equity. • Midsize companies with high growth potential. • Visionary and disciplined management. • Model replication potential / International Expansion. • At least 30% 2x Challenge criteria compliant (at least 1 of 4 criteria).
 <p>DEAL ORIGATION</p>	<p>Regarding the investment criteria, MEP looks for companies that are aligned with the 2x Challenge⁴ and at least 30% (1 of 5 criteria) of the criteria must be complied with:</p> <ul style="list-style-type: none"> • Entrepreneurship: 51% female ownership or the business is founded by a woman. • Leadership: 20-30% women in senior leadership (depending on sector) or 30% women on the board of investment committee. • Employment: 30-50% share of women in the workforce (depending on sector) and one “quality” indicator beyond compliance. • Consumption: Product(s) or service(s) that specifically or disproportionately benefit women. • Investments through financial intermediaries: 30% of the DFI loan proceeds or portfolio companies meet the 2X criteria.
 <p>DUE DILIGENCE</p>	<ul style="list-style-type: none"> • Proactively consider gender in investment analysis. • Inclusion of gender indicators analysis in due diligence and investment process. • Development and implementation of gender lens policies at portfolio companies.
 <p>MONITORING</p>	<ul style="list-style-type: none"> • Develop and report gender lens compliance and performance indicators for portfolio companies. • Include gender disaggregation in portfolio companies’ management report. • Reporting of gender lens performance indicators for portfolio companies in the management reports.

⁴ The “2X Challenge” calls for the G7 and other DFIs to join together to collectively mobilize USD 3 billion in commitments that provide women in developing country markets with improved access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access.



4.1.4.5 Mandatory Gender Lens Policies (GLP) for portfolio companies

These policies shall be included as company commitments in the investment contracts.

Gender Lens Policies for Portfolio Companies	
 <p>RECRUITMENT EQUITY</p>	<ul style="list-style-type: none"> • Equal Employment Opportunity policy. • Pay Equity policy. • Women seeking to reenter the workforce after a period of absence. • Women who are the primary source of their household income.
 <p>QUALITY OF WORKPLACE</p>	<ul style="list-style-type: none"> • Policies designed to provide employees with a friendly, respectful work environment in which harassment and discrimination are strictly forbidden and condemned. • Company-wide prevention training. • Mechanisms in place to report abuse anonymously and a commitment to investigate all incidents and take appropriate action. • Equal pay for equal-value work. • Working flexibility for parents and non-parents alike.
 <p>WORKPLACE COEXISTENCE COMMITTEE</p>	<ul style="list-style-type: none"> • Effective implementation of legal “Workplace Coexistence Committee” (<i>Comité de Convivencia Laboral</i>).
 <p>WEP TOOL</p>	<p>Annual Gender Equality diagnosis report (based on WEP Toolkit⁵). This tool allows measuring leadership in gender issues, equity policies, non-discrimination, compensation, maternity and paternity leave, work-life balance, non-violence, non-abuse and harassment, health and safety, relationship with communities and gender issues in the companies’ sustainability strategy.</p>
 <p>OTHER INITIATIVES⁶</p>	<ul style="list-style-type: none"> • Gender lens programs with quantitative targets. • Female leadership development programs. • Enhanced maternity and paternity leave. • Flextime and home office schemes for mothers and fathers. • Anonymous employee ethics and complaint hotlines. • The Fund will seek to develop and provide companies’ access to informational and/or training programs.

⁵ Herramienta Empresarial de Género WEP, United Nations.

⁶ In addition to the mandatory GLP policies, the fund will promote other GLP policies at portfolio companies.



4.2. Fund Management

4.2.1. Key ESGG Personnel

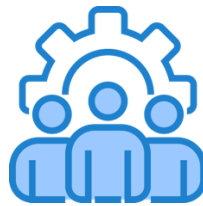
Currently, the fund manager team responsible for ESGG - Environmental, Social, Governance and Gender issues is:



Leidy Dahiana Caro
Legal Director & ESG
Compliance Officer



**Nicolás Bayardo Alarcón
Castillo**
Analyst



Investment Team

4.2.2. External Consultants

MEP works with ERM - Environmental Resources Management, to monitor compliance with action plans and identify new risks in the portfolio companies.

ERM is a leading global provider of consulting services in environmental, health, safety, security, risk, and social services related to sustainability. ERM works with the world's leading organizations, providing innovative solutions, and managing sustainability challenges. It employs more than 7,000 people in more than 38 countries and territories with 134 offices.

ERM has had a presence in Colombia since 2005, and now employs over 70 staff in its Bogota office. The consultant has continually supported its clients in Colombia by leveraging its international experience to:

- Work with clients towards environmental licensing through studies that satisfy the requirements of the appropriate stakeholders
- Estimate reserves for managing environmental liabilities, while implementing effective solutions to manage said liabilities, recovering the net value of its clients' assets



- Provide sustainable solutions using proven techniques developed in countries that have a relatively long history of environmental governance
- Reduce costs by using an integrated approach to provide solutions to an array of environmental and social challenges
- Assist in the development of guidelines and standard operating procedures that provide transparency to industrial and environmental authority stakeholders, reducing time and cost to get projects reviewed and approved
- Approach environmental authorities (agencies) with a proven local track record, and a renowned international reputation

Also, it has been recognized as an industry key player in the service offerings in which it has focused in the region, including:

- Impact Assessment and Planning (EIA)
- Contaminated Site Management
- Compliance Assurance
- Due Diligence and Transaction Support Services
- Climate Change and Atmospheric Quality
- Social Consulting (including Previous Consultation and Resettlement)
- Health, Safety and Physical Security
- Sustainability Strategy

4.2.3 ESGG lessons learned

Implementing social and environmental procedures often presents numerous challenges and difficulties that can serve as learning opportunities. For instance:

- The actions outlined in the action plan may need adjustments based on the company's economic capacity to ensure they are achievable.
- Despite an initial commitment to the action plan, many companies may not prioritize its fulfillment due to a lack of resources or internal issues.
- From the start of the action plan, it is crucial to clearly define human and monetary resources for each goal, both in the mid and long term, to ensure companies have a clear path of action and sustained compliance.
- After reaching a certain level of compliance, companies may not continue to pursue the remaining goals.
- Companies need to understand that even after a goal has been completed, they should ensure the continuity of its implementation.





5. MAS Equity Partners' Impact

MAS Equity Partners has been able to raise more than USD 254 mm of international capital to leverage the growth of medium-sized companies in the Andean region, contributing to a sustainable and accelerated economic growth in the countries where the investments are located.







5.1. MEP Indicators

MAS Equity Fund III (Fund III)

 <p>Annual Revenue 2023 (COP mm)</p> <p>142,345</p>	 <p>DPI Total (gross)</p> <p>1.0x</p>	 <p>TVPI Total (gross)</p> <p>1.5x</p>	 <p>IRR Total (gross)</p> <p>15.6%</p>
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MAS Colombia Latam I y II (Fund II)

 <p>Annual Revenue 2023 (COP mm)</p> <p>684,221</p>	 <p>DPI Total (gross)</p> <p>1.3x</p>	 <p>TVPI Total (gross)</p> <p>1.8x</p>	 <p>IRR Total (gross)</p> <p>9.2%</p>
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5.2. MEP Gender Indicators

MEP believes that companies with greater diversity within their leadership team have stronger financial results. Furthermore, part of the firm's philosophy is that diversity has a positive effect on the Fund Manager, its portfolio companies, and the economy. In recent years, the firm has made progress in building a culture and environment conducive to fostering diversity.





 <p>% Women on the team</p> <p>50%</p>	 <p>% Satisfaction for equitable treatment on the team</p> <p>100%</p>	 <p>% Adequate infrastructure</p> <p>100%</p>
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5.3. MEF III Portfolio Level Indicators

MAS Equity Partners invests with impact and not only channels fresh capital to companies for their growth, but also strengthens ESGG-related processes through its investments. The nine portfolio companies of the MEF III and MCL fund represent 10,030 jobs, of which 50% are filled by women.



With the 2023 results we can state that the inclusion of women in C-Level Positions and in the Board of Directors has increased, as well as the # of women employed has remained stable.

 # Jobs Represented in Portfolio Companies 2022: 9,004 2023: 10,030	 # of Women Employed 2022: 4,498 2023: 4,994	% Women Employed 2022: 50% 2023: 50%
 # Women in C-Level Positions 2022: 24 2023: 32	 # Women on the Board of Directors 2022: 9 2023: 14	

MEF III Portfolio Detailed Workforce

Company ⁷	# Jobs Represented in Portfolio Companies		# Women Employed		% Women Employed		# Women in C-level Positions		# Women on Board of Directors	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
ESSI	434	314	67	67	15%	21%	1	1	2	1
Dekel	34	34	14	17	41%	50%	1	2	-	-
Pelpak	304	376	143	254	47%	68%	3	4	2	2
Rocsa	119	119	54	54	45%	45%	3	3	-	-
EAL	-	-	-	-	-	-	-	-	-	-
Aliar	2,013	2,013	486	486	24%	24%	2	2	1	1
Total	2,904	2,856	764	878	26%	31%	10	12	5	4

⁷Note: Rocsa and Aliar: data as of 2021 (inactive investments). EAL: Write – off.

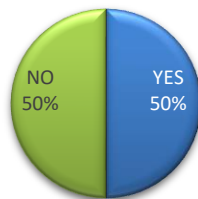


MCL Portfolio Detailed Workforce

Company	# Jobs Represented in Portfolio Companies		# Women Employed		% Women Employed		# Women in C-level Positions		# Women on Board of Directors	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
IGA	4,687	5,850	2,396	3,098	57%	53%	7	7	1	1
Sonría	1,237	1,206	1,007	983	81%	82%	5	10	3	9
TGT	176	118	41	35	23%	30%	2	3	-	-
Total	6,100	7,174	3,734	4,116	61%	57%	14	20	4	10

MEF III + MCL Portfolio ESG Policies

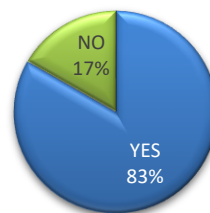
Does the company have gender equity policies?



Does the company have environmental management policies ?



Does the company have social responsibility policies ?



Regarding the internal ESG policies that the companies of the MEP portfolio apply, as of December 2023, 50% of the companies have gender equity policies, 100% have environmental management policies and 83% have social responsibility policies.

5.4. Additional projects and initiatives

5.4.1 Women in Alternative Investment (WAI)

MEP has identified opportunities to further promote diversity in the sector by contributing as a founding partner of WAI - Women in Alternative Investments network, together with Pantheon and ColCapital, since 2019. WAI seeks to generate different scenarios to promote, encourage and empower women within the Alternative Investment Industry.



WAI's specific objectives are to:

1. Support network members through value-generating activities and training on diversity, equity and empowerment issues.
2. Provide spaces in which women can expand and strengthen their network of contacts, as well as learn about different perspectives and have tools for their personal and professional lives.
3. Promote gender equity and diversity in the alternative assets industry.

5.4.2 PRI

Environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). Under this statement, the Principles for Responsible Investment – PRI were created.

PRI is considered as one of the main global supporters for responsible investment. Its main objective is to promote environmental, social and governance standards in investment, and to drive an international network of investors towards responsible investment decisions and monitoring their portfolios. PRI is governed by six Principles for Responsible Investment, which are voluntary and incorporate ESG factors into the investment decision-making process:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

The PRI aims to achieve a sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

Since 2021, MEP is proud to announce that it has become an official member of PRI - Principles for Responsible Investment. During 2023 MEP continued to be committed with this initiative -attending all the respective requirements as a signatory-, in search of the best ESG practices within the general partner and its portfolio companies.



5.4.3 2X Challenge: Financing for Women

The 2X Challenge is an initiative that calls for Development Finance Institutions (DFI) to provide resources to help women grow in their entrepreneurship, grow their business, and empower them as employees. As MAS Equity Partners strongly believes on the importance of gender equity and is determined to support it, the fund managers have incentivized their portfolio companies to participate in the 2X challenges and adopt their goals, taking into consideration their industry-specific limitations. The criteria considered by the challenge are Entrepreneurship, Leadership, Employment, Consumption, and Investment through financial intermediaries. Fulfilling at least one criteria makes an investment 2X eligible. As of 2023, 66% of the MEP active investments met their employment goals (4/6). Besides the challenge, MEP encouraged its companies to implement these practices in their daily operations as well as other good ESGG practices.

6. ESGG MEF III Portfolio Report

6.1. Summary of compliance with the Action Plans - MEF Fund III 2023

Within the commitment to sustainability and following the financing guidelines laid out by the International Finance Corporation, the portfolio companies have been evaluated in accordance with the IFC Performance Standards applicable to their value chain. The objective of the evaluation is to identify the social and environmental risks and impacts that each company generates during their processes, operations, and activities. An action plan has been developed to mitigate environmental and social risks and impacts as well as to strengthen environmental performance. These action plans are of great importance for the company and the fund as it facilitates the measurement of compliance.

This version of MAS Equity's sustainability report measures the level of compliance in each company's action plans and their results as of December 2023. Aligning with the IFC's PSs is not only a matter of strictly adhering to the plans; rather, it is a process of continuous improvement, as the plan first seeks to encourage companies to align with the principles of social and environmental performance and best practices, allowing them to deliver products and services with a value-added and ESG-conscious attitude.

In this section, the level of compliance with the IFC Performance Standards outlined in the action plan of the portfolio companies will be evaluated as of December 2023. The calculation methodology to obtain the percentage of compliance with each of the applicable Performance Standards consists of a simple arithmetic average, taking the sum of the progress percentages for the activities as the numerator and the number of activities that fall under the Performance Standard to be evaluated as the denominator. Below is a detailed view of each of the fund's investments.


The following chart shows the level of progress in complying with the actions that fall under each of the IFC Performance Standards that were evaluated during the environmental and social due diligence of the portfolio companies.

Company	% Compliance overall	Compliance PS 1	Compliance PS 2	Compliance PS 3	Compliance PS 4	Compliance PS 6	Compliance PS 7
ESSI	100%	100%	100%	100%	100%	N/A	N/A
Aliar	99%	100%	100%	N/A	N/A	95%	100%
Rocsa	98%	100%	96%	100%	100%	100%	N/A
Pelpak	94%	96%	100%	100%	78%	N/A	N/A
Dekel	91%	89%	100%	N/A	N/A	N/A	N/A
EAL	52%	56%	39%	50%	N/A	N/A	N/A



6.2. Empresa de Soluciones, Servicios e Innovación ESSI S.A.S.

6.2.1. Description

Sector	Industrials	
Activity	Industrial Manufacturing (dairy packaging)	
Closing Date	June 2019	
Transaction type	Growth – Equity & Debt	
Web page link	www.essi.com.co	

ESSI is a Colombian engineering company based in Girón, Santander, that specializes in manufacturing machines for flexible aseptic packaging and processing for the dairy industry.

The company manufactures machines that cover the entire production process of pasteurized and ultra-pasteurized milk. This includes the start of the line, the pasteurization and ultra-pasteurization processes, and the end of the line (fresh milk packaging). It also offers maintenance and automation of sophisticated production plants, including those used in manufacturing and power generation.

Globally, it is one of three dedicated players in this segment, alongside the Finnish company Elecster and the French producer Thimonnier.

ESSI offers its clients and partners comprehensive solutions in technical operations of low and medium-voltage energy equipment and networks. Additionally, the company has developed maintenance and supervision projects in Colombia under high industry standards, offering a standardized service that optimizes processes and generates value for customers and partners.

Among the services offered by this ESSI business line are:

- Expansion of production plants;
- Overhauls;
- Assemblies;
- Refurbishing of existing equipment;
- Integral solutions in automation of industrial processes;
- Intervention in maintenance and assembly projects;
- Process optimization;
- Major and minor maintenance shutdowns in electric, hydraulic, and thermal power generation plants; and
- Maintenance shutdowns in biofuel, agro-industrial, and industrial plants.

On the whole, ESSI is a company with over 25 years of experience in the industrial, energy, agro-industrial, and hydrocarbon sectors. This extensive experience has enabled the company to develop and implement engineering techniques and processes for maintaining equipment and facilities. These efforts ensure the availability, efficiency, useful life, and operational costs of customer equipment. The services offered by ESSI include advisory and consulting support and training in maintenance processes, development of improvement plans, RAM (Reliability, Availability,



Maintainability) modeling, life cycle analyses (LCA), and root cause analyses (RCA), among others.

ESSI is committed to the use of renewable energy sources and the energy transition. For this reason, it offers the development and implementation of photovoltaic solar energy systems for industrial projects and residential use. These services help to ensure the sustainability of customers by reducing their carbon footprint and energy costs.

6.2.2. Progress status of the environmental and social action plan – as of December 2023

ESSI maintains good practices of corporate governance, environmental, social, health, and safety management by identifying international best practices aligned with regulatory compliance and incorporating them into its products and company culture. To date, the company has demonstrated good performance in accordance with the social and environmental action plan.

The company's action plan consists of eleven actions which were completed by the end of 2021. A high level of compliance and performance was ensured by establishing roles and responsibilities for implementation of the integrated management system and defining appropriate budget and performance indicators.

During 2023, 100% compliance with the ESG action plan activities was achieved, continuing the trend from previous years. The company designated a responsible party for implementing its environmental policy and its Environmental and Safety and Health Management System. This person possesses the necessary professional background, certifications, and experience to implement the ESG action plan. In addition, the company has demonstrated its commitment to proper wastewater management by continuing to monitor the physicochemical and microbiological parameters of its effluent streams. The results of these activities have shown that the company's wastewater discharges complied with the maximum limits established by Colombian environmental regulations in Resolution 631 of 2015.

In terms of climate change, the company continued to calculate its carbon footprint during the first and second half of 2023, demonstrating its commitment to mapping the environmental impact of its activities in terms of greenhouse gas (GHG) emissions. This information is crucial for identifying areas for improvement and establishing emission reduction objectives, which will help mitigate future physical and regulatory risks for the company.

Additionally, it was evident that ESSI is aligned with the goals and performance standards of the International Finance Corporation (IFC). This alignment is demonstrated by the company's matrix for the formulation and implementation of the IFC's Environmental and Health and Safety (EHS) Guidelines. During 2023, ESSI completed 81 out of the 90 planned activities in compliance with the IFC's EHS guidelines. According to this document, progress was made on 100% of energy and water conservation activities during that period. In addition, the company successfully completed six out of the nine items related to safety and health management. The remaining three items (general aspects of plant design and operation, physical risks, and chemical risks) achieved progress levels between 75% and 93% in the planned activities for that year. Finally, the company implemented 88% of the activities within the framework of the IFC's EHS guidelines for metal, plastic, and rubber products manufacturing.

Furthermore, the company continues to implement all the actions outlined in the ESG Action Plan, particularly regarding communication strategies, the execution of the chemical risk management

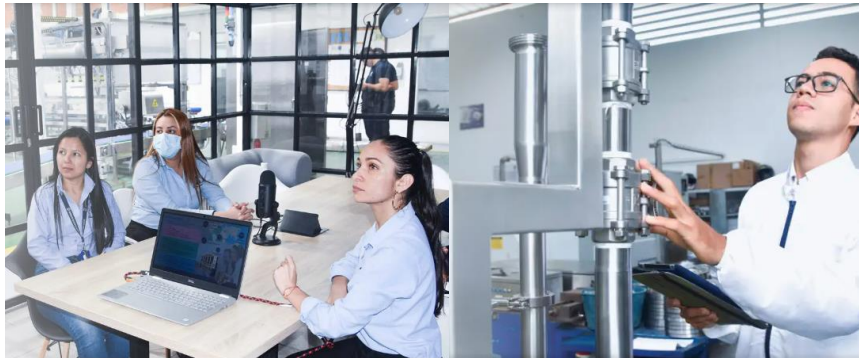


program, HSE evaluation of contractors and suppliers, pest control, and the disclosure of emergency plans to communities.

ESSI ● 100%

PS1 100%
PS2 100%

PS3 100%
PS4 100%



6.2.3. Environmental and social challenges

Although the company achieved 100% compliance with the E&S action plan in 2023, ESSI understands that there is always room for improvement. Among its other goals, the company's main objective for 2024 is to maintain the continuity of the action plan and its associated action items.

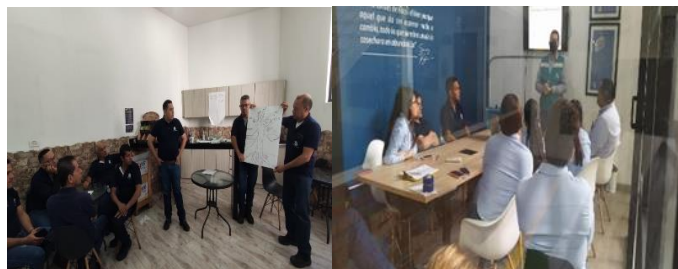
Some of the challenges that the company is preparing for in 2024 are:

- Assuring compliance with the World Bank guidelines requires tangible evidence of the actions taken in the action plan.
- Establishing a work plan to complete all of the actions pending to be completed from 2021, 2022, and 2023 within the framework of the IFC's guidelines for occupational health and safety and the environment.
- Assuring the continuity and accuracy of procedures for estimating GHG emissions and updating emission factors and records that are relevant to the carbon footprint calculation. In addition, the company intends to develop a plan, program, initiative, or strategy for reducing GHG emissions.
- Maintaining continuity in the implementation of communication strategies, including the publication of the annual sustainability report and the execution of the media plan, including training and coaching.



6.2.4. Additional ESG activities developed by the company during 2023

During the past year, multiple workshops were conducted with employees to foster a robust safety culture. These workshops focused on promoting self-care, encouraging safe behaviors, and fostering safety leadership among workers. Additionally, the "Ni Una Más" ("Not even one more") campaigns have been carried out to promote actions to prevent and eradicate violence against women and children. These campaigns have focused on raising awareness about the issue and its consequences and encouraging the reporting of cases of violence. These additional initiatives reflect the company's commitment to the safety and well-being of its workers and the community at large.



Additionally, during 2023, the company conducted gender inclusion campaigns to promote equality and respect among all genders, and eradicating gender-based discrimination and violence.



In the environmental sphere, ESSI continues to demonstrate its commitment to the care and protection of natural resources. To this end, during 2023, it conducted multiple campaigns, highlighted by the following:


- Commemoration of the Andean Bear Day aimed at raising awareness about the importance of conserving this emblematic species.
- World Water Day with the purpose of raising awareness among employees about the importance of caring for and preserving water resources. This involved promoting the conservation, protection, and efficient use of water through concrete actions.
- Tree planting event aimed at contributing to reforestation efforts, improving air quality, conserving biodiversity, and mitigating the effects of climate change.
- World Bee Day aimed at promoting global awareness about the crucial importance of these pollinators for food security, biodiversity, and ecosystem health. Additionally, it sought to promote concrete actions to protect bees and their habitats, as well as to highlight the need to address challenges faced by bee populations such as habitat loss, pesticide use, and the effects of climate change.
- Carbon Footprint Campaign aimed at raising awareness among workers about the environmental impact of their daily actions, fostering the reduction of GHG emissions, promoting sustainable practices, and providing education on the importance of mitigating climate change to preserve the environment and ensure a sustainable future for the generations to come.

Through these various actions, ESSI continues to foster a culture of caring for the environment and its workers. By promoting environmental awareness and workplace safety, the company not only protects the well-being of its employees but also commits to sustainable development. These initiatives not only have a positive impact on the workplace and the community but also significantly contribute to environmental preservation and the building of a more sustainable future for everyone.



6.3. Pelpak

6.3.1. Description

Sector	Industrials	
Activity	Industrial Manufacturing (consumer health and home care packaging)	
Closing Date	July 2019	
Transaction type	Value Play / Operational improvement / Growth equity / Mezzanine	
Web page link	https://pelpak.com/	

Pelpak is a Colombian company founded in 1979 that develops and manufactures rigid plastic packages for personal care, pharmaceutical, household and cleaning, food and beverage, and lubricant products. The company offers an integrated product portfolio that includes a wide variety of caps, closures, and containers, as well as value-added services such as labeling, printing, and product packaging. In addition, Pelpak has an in-house mold design and manufacturing shop for both injection and blow molding. As a result, the company has the flexibility to develop specific products to meet its customers' needs, which is becoming increasingly important as product packaging becomes more and more sophisticated.

6.3.2. Progress status of the environmental and social action plan – as of December 2023

The ESG action plan developed for Pelpak includes 29 actions, 22 of which have already been completed in previous years. Among the highlighted actions executed in periods before 2023 is the formulation and implementation of an Environmental and Social Management System (ESMS). This system encompasses policies, risk and impact identification, management programs, organizational capacity and competencies, emergency response preparedness, participation of social stakeholders, and a mechanism for monitoring and evaluating the system.

As part of its compliance with the ESG action plan, the company has implemented a program to reduce GHG emissions, performed a social risk, aspect, and impact assessment, prepared an EHS audit plan, and implemented a fire prevention network. All of these actions were completed prior to 2023.

During 2023, progress was made in the development of a sustainability report and a community engagement plan. However, these instruments were not formulated according to GRI (Global Reporting Initiative) disclosure standards, which resulted in not achieving 100% compliance with this action item. On the other hand, Pelpak has made significant progress in facility inspection and maintenance activities. However, a structural safety study of the facilities has not yet been conducted, nor have intervention plans been formulated, as they would be based on the results of the structural safety study. Additionally, although the company records monthly and annual water and energy consumption, it is still in the process of defining an implementation schedule for companywide consumption reduction actions, objectives, and targets and integrating these into its ESMS.



6.3.3. Environmental and social challenges

Pelpak has a series of challenges to overcome in order to assure full compliance with the E&S action plan in 2024. Some of these challenges include:

- Preparation of the annual sustainability report and community participation plan in alignment with the GRI's sustainability disclosure standards.
- Assessment of the structural safety of the location facilities of the operations plant, including the injection area.
- Establishment of a schedule of activities, goals, and indicators to evaluate the performance of programs implemented for reducing water and energy use.



6.3.4. Additional ESG activities developed by the company during 2023

In January 2023, Pelpak donated wooden pallets for the production of furniture that will be used in the "Healthy Environment" program, which is led by the municipality of Sopo. Additionally, the company donated materials for the construction of a volleyball court in the Coclies neighborhood in Zipaquirá. Since 2019, Pelpak has been actively participating in the campaigns organized by Global Humanity International, and in February 2023, it once again contributed by donating school kits to benefit 1,312 boys and girls, demonstrating its continued commitment to the children of Tumaco. Members of the community have stated that these actions have had a transformative effect and have thanked Pelpak for their contribution to bridging the inequality gap in Colombia.




In addition, the company joined the second Campaign Day of the ECOTRUEQUE campaign, led by the Environmental Secretary of Tocancipá. In April 2023, gift baskets were donated to the Environmental Secretary of Tocancipá in commemoration of Recycler's Day. In May 2023, the company participated in the Great Recycling Event (ECOTRUEQUE), delivering for recovery recyclable and post-consumer waste together with the Environmental Secretary of Tocancipá. In July 2023, the "Planting to Preserve" event took place, which is a tree planting activity in the La Cajita River - Canavita Village led by the Environmental Secretary of Tocancipá. In August 2023, the company again supported the community on Recycler's Day. Finally, in September 2023, a Cleaning Day was held at the Arrieros Wetland.



6.4. DUMOULIN LLC / Dekel Real Estate Holding S.A.

6.4.1. Description

Sector	Real estate development	
Activity	Community building-focused real estate development	
Closing Date	August 29, 2019 (1 st tranche); November 18, 2019 (2 nd tranche)	
Transaction type	Growth and improvement	
Web page link	https://www.dekelholdings.com/	

Dekel is an innovative real estate developer with a community-building approach and presence in Panama and Colombia. Through deep research, the Company identifies overlooked neighborhoods, establishes a stronghold through the acquisition of a critical mass of strategic real estate assets, and then transforms the neighborhoods into vibrant and high-value communities, allowing Dekel to generate value faster than traditional real estate developers.



6.4.2. Progress status of the environmental and social action plan – as of December 2023

Dekel has traditionally been a result-oriented organization, and it has faced common social challenges associated with working in areas with a significant cultural heritage during the execution of their projects.

Due to the company's experience as part of the environmental and social due diligence process, an action plan was developed with the primary objective of defining and implementing an ESMS. As a result of this system, the company would be able to identify the mechanisms necessary to evaluate, correct, and/or mitigate possible social and environmental risks and impacts along the value chain of its projects.

The observations and results from 2023 showed that the company has formulated an ESMS with environmental, social, and occupational health policies, identification of social and environmental risks and impacts, environmental and social management programs, an emergency preparedness and response plan, community communication plans, community grievance mechanisms, monitoring and evaluation of the ESMS, energy, materials, and water saving and efficiency measures, and labor connection and separation procedures. The ESMS is documented in the company's "Environmental and Social Management System Manual."

While the company's ESMS manual includes an identification of environmental and social (including occupational health and safety) risks and impacts (as well as programs for their management and mitigation), Dekel has not yet updated this document in accordance with the actions and improvement opportunities identified during the 2022 evaluation. As a result, the following outstanding items within the ESMS manual were identified:

The contractor selection process outlined in the ESMS manual identifies risks and impacts related to cultural heritage. However, it does not include the monitoring of social risks associated with the operation of contractors or suppliers.

The procedures to evaluate compliance of contractors (ESMS manual) were not updated to include the social component (archaeological matters) and the estimates of GHG emissions.

The ESMS manual does not include risks and impacts associated with GHG emissions (climate change), biodiversity, ecosystem services, and archaeology. Additionally, it lacks the identification of cumulative impacts from projects.

The management programs formulated within the ESMS manual (including actions for efficient water, energy, and waste use and savings) lack objectives, targets, and indicators to evaluate their implementation and performance.

It is important to note that during the course of the year, emergency drills were not conducted. During the same period, project socialization sessions with stakeholders were not observed. These sessions play a crucial role in the communication and collaboration process between project stakeholders, including local communities and other relevant groups.



Dekel ● 91%

PS1 89%

PS2 100%

6.4.3. Environmental and social challenges

Based on the information previously described, the company must update its "Environmental and Social Management System Manual" to include the following aspects:

- Evaluating the implementation of the management system and taking corrective actions based on the results obtained;
- Committing to conduct emergency drills; and
- Documenting engagement sessions with the communities and stakeholders involved in its projects.

These actions are fundamental for strengthening risk management, enhancing communication with stakeholders, and ensuring compliance with environmental and social commitments.

6.4.4. Additional ESG activities developed by the companies during 2023

In 2023, Dekel implemented its social initiative called "Casco Community Garden" where a garden and playground were installed to allow the community to participate in a variety of activities. This includes the adoption and installation of plants and worms, workshops regarding planting and composting, exchanging plants and soil for donation, as well as the production of beverages using vegetables and fruits grown in the community garden. In addition to promoting environmental sustainability, this initiative encourages community participation and the enjoyment of urban green spaces.

In addition, Dekel presented in a community art display put on in conjunction with the Clandestino Art and Design studio. This was an exhibition of artistic sculpture, and Dekel's contribution was titled "M3 (Cubic Meter)" and was composed of 411 cubes representing the 411 cubic meters removed from Patacón Hill. During Clandestino's operation since 2020, Dekel has transformed more than 15 tons of plastic, equivalent to one million bottles of shampoo that an individual would consume and discard in 90 thousand years. Through this initiative, Dekel has avoided the production of 37,500 kilograms of CO2.

Dekel works closely with the City of Knowledge, FAS Panama, and Fundación Remar foundations and partners (who supply recycled plastic) to present their commitment to the environment in an artistic manner. It is also important to note that the pieces or "installations" in the exhibition only last for two years. After this period, Clandestino will convert each cubic meter into new utilitarian parts using a crushing machine purchased with the proceeds of the exhibition. It is the primary goal of this process to ensure that recycled plastics are reused again and do not reach ecosystems or areas of environmental importance, and at the same time to publicly promote recycling and reuse activities.



6.5. Agropecuaria Promialianza

6.5.1. Description

Sector	Agribusiness	
Activity	Investor in Agribusiness and food manufacturing, wholesale, and retail stores	
Web page link	http://www.lafazenda.com.co/	

Agropecuaria Promialianza is a main shareholder of Agropecuaria Aliar / La Fazenda, leader of the pork industry in Colombia and one of the most important food companies in the country. Aliar was born in 2007, after its founder, Jaime Liévano, identified the opportunity to penetrate the Colombian pork market, given its low consumption in comparison to beef and chicken, as well as the importance of having an integrated value chain in the pork industry, from the production of feed to the raising, breeding and processing of the pigs, and the sale of finished products at large local retailers and proprietary points of sale. Thirteen years later, Aliar has production plants in Meta and Bogotá, from where it serves more than 4,700 clients in 5 regions of the country, under the renowned brand “La Fazenda”, positioning itself as the leading company in the Colombian pork market.

La Fazenda has become an emblematic company for Colombia’s economy because it showcases the possibility of creating and developing agribusiness projects in remote areas such as the Llanos Orientales, while also promoting food security and generating employment opportunities in communities where there is limited economic development.

6.5.2. Progress status of the environmental and social action plan – as of December 2021

Agropecuaria Aliar is not only a meat food production company, but also a large-scale agro-industrial production company that generates a single supply chain that begins with the management of soil resources to plant soybeans and corn and ends with the commercialization of pork products.

Being part of a broad and diverse production and commercial chain challenges the company to identify, control and manage social and environmental risks and impacts. For this reason, Aliar’s action plan was focused on assessing the risks and impacts of the company’s supply chain of goods and services.



On that note, Aliar created a sustainable supplier program in 2021. Through this program, the company's suppliers and contractors were identified and evaluated. According to the evaluation, 225 suppliers and contractors had their environmental, social, health and safety, quality and human resources practices evaluated.

The result of the evaluation made it possible to identify the degree of risk each supplier or contractor represented for the company. They were classified as: "sustainable supplier", "in development" or "to be developed". Based on the classification, suppliers and contractors classified under the categories "to develop" and "in development" were included in an action plan with specific objectives to be implemented. This was evidence of the company's commitment to comply with the evaluation of the supply chain.

Soybean and corn crops production processes took place in areas where Aliar must collaborate with local ethnic communities. To strengthen these relationships, the action plan tasked the company with developing guidelines for establishing participative relationships with those ethnic communities and supported the identification of an independent third-party expert that would accompany the dialogue process with these communities.




6.5.3. Environmental and social challenges

The evaluation process of suppliers and contractors helped identify opportunities to strengthen the selection processes for food commodities suppliers. This was particularly relevant as national suppliers tend not to comply with environmental regulations, especially those associated with permits for the use of natural resources and environmental licensing. In this regard, adjustments and improvements were expected to be made to the Supplier Program, as defined by Aliar.



6.6. Rocsa Colombia S.A.

6.6.1. Description

Sector	Chemicals	
Activity	Chemicals distribution	
Closing Date	December 14, 2017	
Web page link	https://www.rocsa.com/	

Rocsa and Inproquim (acquired by Rocsa in 2017) are both chemical distribution companies, leaders in their respective segments and with high complementarity in their product portfolio. Rocsa distributes mainly specialized products for food, home & personal care, and manufacturing industries; while Inproquim is a leading Colombian chemical distributor focused on commodities for manufacturing, agro and exports of oil derivatives. Rocsa and Inproquim’s business models are based on bundling products from several suppliers into a single “solution” portfolio by industry, which they design for each client according to its needs.

After almost four years of a successful investment in Rocsa Colombia S.A., in September 2021, MEP concluded the exit of MEF III’s participation for a total consideration of COP\$89,981 mm plus COP\$ 13,115 mm in cumulative dividends.

The exit was performed through a leveraged buyback, and the Fund has already received all the proceeds. The last payment was executed on February 25th, 2022, for \$14,488 mm (plus a 5% p.a. interest, eq. to \$293 mm).

Therefore, it’s important to note that the monitoring process of the company reached a 98% as of June 2021, date in which the following process was suspended, taking into account the exit process.

6.6.2. Progress status of the environmental and social action plan – as of June 2021

Rocsa has ensured regulatory compliance for three of their warehouses. *La Estrella* had an updated Environmental Management Plan that was approved by the local authorities. On the other hand, *Tenjo and Cartagena* presented their Environmental Impact Assessments within the context of their environmental license renewal, as required by national regulation. Both procedures were being evaluated by local authorities. Also, areas of influence for their operations were defined in the *Cartagena* and *Tenjo* warehouses, which helped the company identify, analyze and manage its impacts and the potential risks that could affect stakeholders, workers and communities. As a result, the Contingency and Emergency Plan was reviewed, updated, and completed. This plan included a visual mechanism that helped stakeholders understand the different measures taken to avoid any contingency or emergency.

Furthermore, Rocsa has demonstrated the capacity to identify, measure and manage the potential risks and environmental impacts of its operations with workers through the Integrated Management System, implemented in accordance with the ISO 14001, 9001 and 45001 guidelines. They also determined measurement indicators for energy, water consumption, and total waste generated.



Regarding the operation in *La Estrella* (Antioquia), the company has updated its Social and Environmental Management Plan, which was a necessary step for its integration process, following the acquisition of Inproquim. This helped the company ensure that its operations were in compliance with national regulations.

Rocsa ● 98%

PS1 100%
PS2 96%

PS3 99%
PS4 99%
PS6 99%



6.6.3. Environmental and social challenges

Considering that Rocsa has already exited the fund, the following results are as of the date of exit. Some activities defined in the action plan were partially complete which means that Rocsa made progress. However, some of the elements required further efforts to ensure proper alignment with the performance standards.


For example, the company could have included the identification and analysis of its social impacts as part of the Integrated Management System. Also, it could have defined prevention measures for the company's transportation procedures and control mechanisms as well as a series of actions and mechanisms to promote the efficiency and reduction of water and energy consumption.

The company also failed to develop a Participation and Information Plan for each stakeholder, define and create a mechanism to prevent high-risk situations associated with child and forced labor.



6.7. Europa América Laboratorios S.A.C

6.7.1. Description

Sector	Healthcare	
Activity	Clinical Laboratories	
Closing Date	November 2018	
Transaction type	Growth / Convertible loan	

Europa America Laboratorios S.A.C. was the Peruvian subsidiary of Europa America Laboratorios S.L. (Eurolabs); a clinical laboratories operator in Spain, Peru and Colombia, focused on in-hospital generic, specialized and genetic diagnostic exams. Eurolabs is a Spanish company that runs specialized clinical laboratories, offering over 4,500 diagnostic tests of all types, including general chemistry, immunochemistry, molecular analysis, and DNA, among others.

Eurolabs operated the clinical laboratories within hospitals as a private label brand for the hospital. It offered the hospitals a revenue-sharing model, encouraging alignment of interests with them. Its value proposition allowed the company to gain important contracts with top health providers, such as UPCH (Universidad Peruana Cayetano Heredia) in Lima and Hospital Beata in Madrid.

6.7.2. Progress status of the environmental and social action plan – as of December 2020

The company was committed to caring for the environment, accompanied by a high interest in implementing strategies and policies that allowed it to manage resources as efficiently as possible while generating the least amount of waste. As such, the company implemented various technological tools and developed its own software to manage relevant information and ensure laboratory efficiency. Through this, the company was able to reduce the use of paper and speed up the delivery time of the results, thereby improving the quality of the service.

The company also implemented a monthly monitoring and follow-up system for energy and water consumption to establish a baseline and identify positive changes in the efficient use of resources. The system was implemented to identify savings tactics and reduce the consumption of resources.



In addition, Eurolabs implemented a rigorous waste management system to ensure that contamination was kept to a minimum, as well as a strong recycling policy that would contribute to the care of the environment.



6.7.3. Environmental and social challenges

In the case of Europa America Laboratorios, the biggest challenge has been the impossibility of monitoring or reviewing the action plan agreed upon in the environmental and social due diligence, due to the company's status within the fund and that currently there is no monitoring process carried on. However, referring to the action plan as of December 2020, the company completed 52% of the plan as 6 of the 17 activities evaluated had been completed.

However, the company faced the challenge of completing the remaining 11 activities. Among these, we could highlight the design and implementation of communication and consultation mechanisms for workers. To date, there is no formal communication mechanism, even though the second IFC Performance Standard requires companies have a complaints and grievance system that must also offer a private communication channel as an alternative. Additionally, the company must also offer this service to the company's external stakeholders, whether they are nearby communities, neighboring companies or other third parties that may be affected positively or negatively by the company's operations.

The above created further challenges for the company, as it was additionally required to disclose all procedures and documentation generated during the implementation of this action plan to all interested parties. This too adheres to the second Performance Standard, which advocates for the health and well-being of the company's surrounding communities and stakeholders.

Another important challenge was to ensure that the implementation of the ESMS was audited annually, otherwise there was a risk of facing severe sanctions, which according to the environmental sanction regime, could cause the definitive or temporary closure of the company. This was important given that, as of the last review, only one audit had been performed by INERCO, at the time of the due diligence.



6.8. ESGG Compliance

After evaluating the development of the E&S Action Plan for each one of the companies in the MEF III portfolio as of December 2023, it was found that, to date, there is no known legal, administrative, or similar situations associated with non-compliance of the E&S requirements.



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Building Value One Block at a Time

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