



MAS Equity Fund III

Private Equity Fund

ESGG Report
December 2022

Contents

1.	Introduction	3
2.	About MAS Equity Partners.....	4
3.	Our commitment with the United Nations Sustainable Development Goals	5
4.	MEP ESGG & Gender Strategy (ESGG)s.....	7
4.1.	Social and Environmental Management System	7
4.2.	Fund Management	13
5.	MAS Equity Partners' Impact	14
5.1.	MEP Indicators.....	15
5.2.	MEP Gender Indicators	15
5.3.	MEF III Portfolio Level Indicators.....	15
5.4.	Additional projects and initiatives	17
6.	ESGG MEF III Portfolio Report	19
6.1.	Summary of compliance with the Action Plans - MEF Fund III 2022	19
6.2.	Empresa de Soluciones, Servicios e Innovación ESSI S.A.S.....	20
6.3.	Pelpak.....	23
6.4.	DUMOULIN LLC / Dekel Real Estate Holding S.A.	24
6.5.	Agropecuaria Promialianza	26
6.6.	Rocsa Colombia S.A.....	28
6.7.	Europa América Laboratorios S.A.C.....	30
6.8.	ESGG Compliance	32



1. Introduction

MAS Equity Partners has been a firm committed to sustainable investment. We constantly work in favor of our investors and companies, as well as the community's best interests. Consequently, our activities and deals are aligned with social, environmental, and corporate governance best standards, seeking a positive social impact and the promotion of diversity.

As part of our investment strategy, we incentive our team and portfolio companies to implement ESG criteria on their daily basis, focusing primarily on IFC's Performance Standards that promote gender equity and the best environmental practices. Our compliance covers social risks, working conditions, community health and environmental protection. Evidence suggests that funds that apply an ESG policy to their portfolio have been outperforming traditional strategies. Hence, we affirm that it's important to include an E&S action plan within every deal. Furthermore, there's an important alignment between the fund practices and the United Nations' Sustainable Development Goals.

At MAS Equity Partners we have been developing different ESG strategies and practices that guide us to optimal financial results. For example, we have maximized the value creation of the fund by implementing diversity and gender equality principles, promoting a healthier working environment which ultimately has a positive impact on the productivity of the team and its results.

MAS Equity Partners feels committed with the construction of a more sustainable Andean region for future generations by continuing with the implementation of the highest ESG international standards. As a team we encourage every fund manager to apply an ESG policy for their investment processes to ultimately improve our society.

MAS Equity Partners



2. About MAS Equity Partners

MAS Equity Partners (MEP) is a pioneer Colombian private equity firm, with 18 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 2022 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 2022, MEP was awarded within the following ESG categories: Best ESG Private Equity Strategy Colombia ([Capital Finance International – CFI](#)) and 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



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, provides a shared view for peace and prosperity for people and the planet, now and into the future. At its center are the 17 Sustainable Development Goals (SDGs), which are an immediate call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other problematics must be aligned with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working for the preservation of the natural resources.










At MEP we support this initiative by including the SDG principles in our investment thesis as well as in our value creation strategy. Also, as a fund manager, we promote economic growth by creating employment and supporting our portfolio companies' financial success, which ultimately has a positive impact on the national GDP. In that sense, we promote the use of sustainable principles in our portfolio companies' daily basis, as well as the promotion of equal treatment and new job opportunities for women.

We establish alliances with medium-sized, resilient companies by adopting a multi-sector strategy and assisting rapidly expanding companies that are boosting emerging economies. By putting this plan into practice, we hope to benefit not just the assets in the portfolio, but also society and upcoming 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 the 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: <ul 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: <ul 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.

At the end of 2022, there was training provided by the IFC Team to all the MEP members, in order to learn more about the ESG criteria in the context of the IFC'S Performance Standards. Moreover, the external consultant (Environmental Resources Management – ERM) provided training 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



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 ORIGINATION</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

The implementation of the social and environmental procedures always leads to many challenges and difficulties that can become learning opportunities. For example:

- Depending on the company's economic capacity, the actions defined in the action plan are subject of changes and adjustments, in order to assure that they are achievable.
- Despite of the initial commitment with the action plan, many companies may not establish its fulfillment as a priority due to lack of resources or internal issues.
- It is fundamental that since the inception of the action plan, human and monetary resources are clearly defined for each one of the goals -in mid and long terms-, in order to assure that the companies have a clear path of action and that their compliance doesn't fade over time.
- It may happen that after achieving a certain level of compliance with the action plan, the companies may not continue to carry on the goals pending.
- It's important that the companies understand that, even though a goal of the plan has been completed, they should guarantee continuity with its implementation.





5. MAS Equity Partners' Impact

MAS Equity Partners has been able to raise more than USD 246 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 2022 (COP mm)</p> <p>129,515</p>	 <p>DPI Total (gross)</p> <p>1.0x</p>	 <p>TVPI Total (gross)</p> <p>1.8x</p>	 <p>IRR Total (gross)</p> <p>23.9%</p>
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MAS Colombia Latam I y II (Fund II)

 <p>Annual Revenue 2022 (COP mm)</p> <p>637,155</p>	 <p>DPI Total (gross)</p> <p>1.2x</p>	 <p>TVPI Total (gross)</p> <p>1.7x</p>	 <p>IRR Total (gross)</p> <p>8.9%</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>33%</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 9,004 jobs, of which 47% are filled by women.



Although there is an overall reduction in the participation of women in C-Level positions, we can state that the inclusion of women in the Board of Directors has increased, as well as the # of women employed has remained stable.

 # Jobs Represented in Portfolio Companies 2021: 8,310 2022: 9,004	 # of Women Employed 2021: 4,180 2022: 4,498	% Women Employed 2021: 50% 2022: 50%
 # Women in C-Level Positions 2021: 36 2022: 24	 # Women on the Board of Directors 2021: 7 2022: 9	

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	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
ESSI	450	434	64	67	14%	15%	2	1	-	2
Dekel	40	34	17	14	43%	41%	9	1	-	-
Pelpak	323	304	204	143	63%	47%	3	3	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	2,945	2,904	825	764	28%	26%	19	10	3	5

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	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
IGA	4,077	4,687	2,396	2,686	59%	57%	7	7	1	1
Sonría	1,130	1,237	911	1,007	81%	81%	8	5	3	3
TGT	158	176	48	41	30%	23%	2	2	-	-
Total	5,365	6,100	3,355	3,734	63%	61%	17	14	4	4

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. During 2022, one member of MEP's team worked as a volunteer in the network to help it develop at a greater scale. 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 Female Intern Program

In 2022, MAS Equity Partners began implementing a female intern program, with the objective of encouraging young women to get involved in the industry and offer them the opportunity to participate in a workplace environment in which they can begin to become familiar with the industry, to increase their interest. MEP believes that the first step to reduce the existing gender gap is to start by working towards motivating young professionals and getting them involved in the finance world.

In order to achieve this plan and choose their best candidate, MAS Equity Partners followed an extremely rigorous plan in which, after receiving many applications, they interviewed the candidates and tested their knowledge. Then, they analyzed every candidate and chose the intern according to the exam results, the alignment between the candidate and the company's values and their performance during the interview. MEP has noticed that a diverse team generates better results in the company's performance and believe that the female intern program could help address the gender gap issue that is evident within the industry.

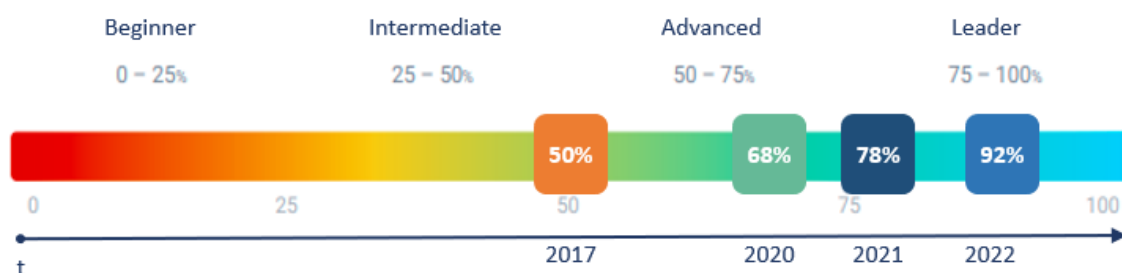


As a result, during 2022 MEP had its first female intern: Daniella Barreto. Her experience can be properly described as follows:

“My first experience with MEP was amazing. The environment at the workplace, the team and all the things that I learned throughout the year made me improve as a professional and as a human being and increased my personal interest towards the private equity industry. I would not hesitate to recommend this internship to other women”. Daniella Barreto, first female MEP intern.

5.4.3 Woman Empowerment Principles (WEP)

WEP Tool is a gender-focused business tool created by United Nations Global Compact, United Nations Women, and the Bank of the United Nations. Its objective is to help companies identify their strengths, weaknesses, and the opportunities to improve their gender equality performance. Due to the effort and commitment of the management firm to improve diversity by 2020, we are pleased to announce that MEP has been promoted to the category of “Leaders” in this tool. Over the past few years, the professional manager has been improving its score and will continue to work on a daily basis to close gender gaps in the industry. Implementing this tool has led MAS Equity Partners to have excellent performance. As of 2022, MEP can proudly announce that it has a 92% level of compliance.



5.4.4 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. Currently, MEP continues 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.

5.4.5 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 2022, 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 2022

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 2022. 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 2022. 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	93%	95%	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, which manufactures 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, including 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 manufacturing and power generation. Globally, it is one of three dedicated players in this segment, alongside Finnish Elecster and French Thimonnier.

6.2.2. Progress status of the environmental and social action plan – as of December 2022

ESSI S.A.S. has high environmental, social, corporate governance, and health and safety management standards. Its performance is reflected in the superior quality of its processes which the company has achieved by identifying international best practices that go beyond regulatory compliance and incorporating them into its products and the company culture.



The company's action plan consists of eleven actions that were fully completed by the end of 2021. By establishing who is responsible for the implementation of the integrated management system and setting out the budget and indicators of performance, the company was able to build a solid foundation on which they could ensure outstanding performance.

During 2022, the company demonstrated continuity with respect to the percentage of compliance achieved last year in various activities. In the first place, continuity was evidenced in the assignment of persons responsible for the execution of the integral policy system, a fundamental element to guarantee the follow-up of the previously formulated action plan. In addition, the company has demonstrated its commitment to wastewater management, considering the update of the technical study of wastewater effluents as of November 2022.

With respect to greenhouse gas emissions, the company continued with the calculation of the carbon footprint for the months of August, September, October, and November, demonstrating its commitment to mapping the climate impacts that the company's operations may have.

Additionally, we can affirm that ESSI is a company that is aligned with the objectives defined by the IFC, considering that there is evidence of the company's implementation of the guidelines defined by the IFC. ESSI has developed 100% of six of the nine items related to occupational health and safety: "general aspects of plant design and operation" and "physical risks" reported compliance greater than or equal to 80%, while the activities of the "chemical risks" item registered progress of 75%. Some activities scheduled for the 2021-2024 period have not yet reported any progress, such as the design and implementation of atmospheric emissions control systems and other activities related to the protection of the company's electrical wiring, road signs, the alarm system, and the implementation of eyewash systems and emergency showers. However, the company is expected to continue implementing these objectives during the 2023-2024 period.

Overall, it can be concluded that ESSI has started a path that will enable them to respond and adapt to the sustainability challenges that Colombian companies face. Being evaluated against IFC's PS allowed the company to identify and recognize new approaches to environmental and social management that it can incorporate into its strategy in the medium and long term.



6.2.3. Environmental and social challenges

Although the company has assured a 100% compliance of the E&S Action Plan formulated, there's always room for improvement. Among other matters, the main objective of the company for 2023 is to guarantee the continuity of the Action Plan previously defined.


Some of the challenges that the company has for 2023 are:

- Ensure that there is tangible evidence of the actions executed in the work plan, to achieve compliance with the World Bank guidelines.
- Ensure the continued implementation of the GHG estimation procedure and the carbon footprint calculation.
- Implement an atmospheric emissions control system. The above in accordance with the provisions of the compliance matrix of the IFC Environmental, Safety and Occupational Health guidelines.
- Ensure continuity in the implementation of communication strategies, such as the publication of the annual sustainability report and the execution of the media plan, including training and coaching.



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 develops and manufactures rigid plastic packages for personal care, pharma, home & cleaning food & beverage and lubricants. The company offers an integrated product portfolio that includes a variety of caps, closures, bottles, jars and containers; as well as value-added services such as labeling, printing and product wrapping. Also, Pelpak has an in-house molding design and manufacturing workshop for both injection and blow molds. Thanks to this, the company has the flexibility to develop specific products that match the needs of its customers, which have become increasingly important as product-packaging gets more sophisticated.

6.3.2. Progress status of the environmental and social action plan – as of December 2022

Pelpak's value chain, supplies different industries with plastic packaging solutions. This Colombian company is a supplier of inputs for many companies that require plastics to distribute and market their food, chemicals, personal care, pharmaceutical, and cleaning products.

As a result, Pelpak must ensure that its processes and management mechanisms comply with not only the applicable environmental regulations, but also the best practices in environmental and social management, in order to meet customer needs. For this reason, the developed Action Plan takes a comprehensive approach, considering environmental, social, health and safety concerns, as well as relations with suppliers, contractors, and neighbors.

During 2022, the company accomplished the installation of the fire detection system, as well as the construction of the Operation and Maintenance Manual for the fire detection and extinguishing systems. Regarding the Mutual Aid Plan, the company provided evidence of communications with the Tocancipá Fire Department and Civil Defense. In general terms, the company showed 'High' level of compliance in prevention, preparedness, and response to emergencies.





6.3.3. Environmental and social challenges

Pelpak has a series of challenges to attend in order to assure a 100% level of compliance of the E&S Action Plan, which they will continue to attend during 2023. Some of the activities that are pending are the following:

- Assure constant communication with firefighters regarding the conditions to join the Mutual Aid Plan.
- Support evidence of the steps taken to identify and evaluate the risks and impacts that may be generated by the operation of third parties.
- Guarantee proper audit procedures with suppliers, including a schedule of activities and clear requirements to be evaluated.
- Assure the adequate construction of indicators, timelines and compliance with the activities proposed in the plan for efficient use and savings of water and energy.
- Develop a communication and public relations strategy that includes environmental and social sustainability reports based on GRI or Global Compact standards.

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 2022

Traditionally, Dekel has been a result-oriented company. During the execution of their projects, they faced common social challenges that arise from working in areas with a significant cultural heritage.

Due to the experience described above and as part of the environmental and social due diligence, an action plan was developed with the main objective of defining and implementing a Management System for Environmental and Social issues. Through this system the company can identify the mechanisms needed to evaluate, correct, and/or mitigate the potential risks and social and environmental impacts that might result along the chain value of its projects.

In general terms, comparing the progress achieved during 2021 versus 2022, the company didn't make any major improvements regarding the compliance of the pending activities defined in the E&S Action Plan.

The company provided documentation related to the ESMS (manual, presentations, procedures, forms, among others); however, supporting evidence of the implementation of the ESMS was not provided (i.e. supports of divulgation of the ESMS policy, training to employees, impacts qualification per activity or project developed, definition of actions required per management program, among others). Although the ESMS manual includes environmental, HS, labor and health and safety of the community impacts, there are some pending points regarding this activity:

- It is not updated to include impacts related to archaeology, biodiversity and ecosystem services.
- The document 'Identification of Environmental Risks and Impacts' (ND1 NC14) is not updated to include the evaluation of social risks and impacts that may occur during the development of the Company activities.
- The project's EIA include identification and assessment of social impacts in compliance with national regulations, but this process of identification is not observed in the ESMS documentation.
- The management programs established in the ESMS manual are not updated to include the indicators, schedules, deadlines and responsible parties. The company informed that the indicators are pending to be elaborated.

Additionally, the company provided a document listing the campaigns carried out for paper reducing, reusing, and recycling, as well as for water and energy savings. However, no supporting documentation was provided for the implementation of these actions.

Regarding training of the staff, no supporting evidence of training activities and development of emergency drills was provided by the company. Additionally, an Environmental and Social Aspects Training Plan was provided; however, the document did not include a schedule for execution.




It's relevant to mention that the company has faced a series of changes during 2022 regarding the management team, that can partially explain the lack of progress regarding the compliance of the pending points defined in the Action Plan. Nonetheless, it's expected that during 2023 the company resumes its commitment with the Action Plan, considering that there has been a series of changes within the management team of the company.

Dekel ● 91% **PS1** 89% **PS2** 100%

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%

PS3 99%

PS2 96%

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 2022, it was found that, to date, there is no known legal, administrative, or similar situations associated with non-compliance of the E&S requirements.



FUND MANAGER



Building Value One Block at a Time

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