



GEF

CAPITAL
PARTNERS
LATAM

**ANNUAL
Impact Report**

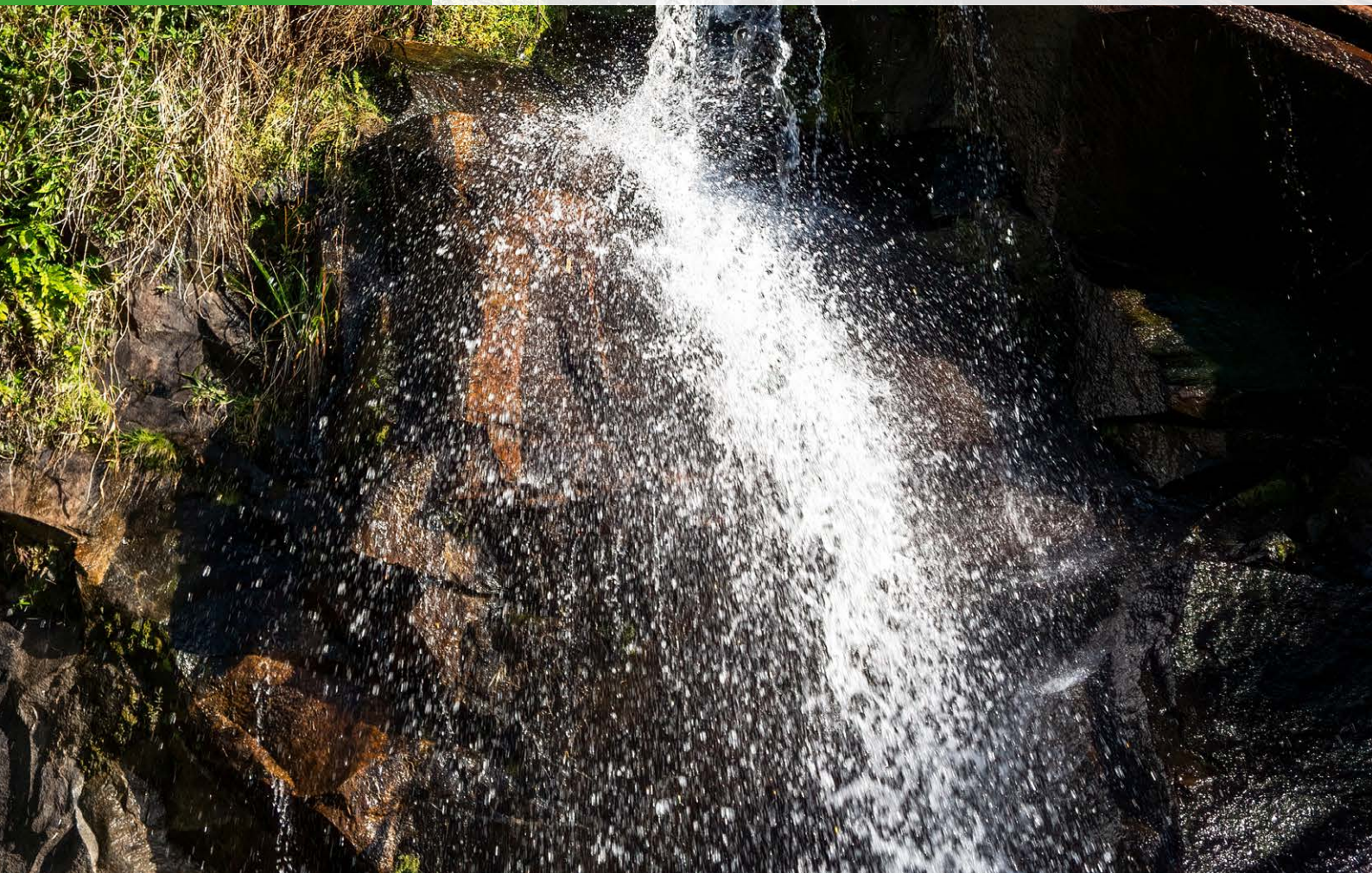
June 2021

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2020 Highlights



2020 overview

GEF Capital Partners Latam and positive impact created

Our Business

Portfolio Revenue:



USD 136.70M

Regulatory Assets Under Management:



USD 114M



GEF Capital Partners Latam is a certified B Corporation. Initial Score (05/20): 89.6 Current Score (05/21): 99.8¹

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



Signatory of:



1. Updated score based on internal reverification of the B-Corporation's official assessment.

Our Portfolio

100% of portfolio

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

537,800 tCO₂ - The sum of GHG emissions

GEF's portfolio contributed to reduce is equivalent to 121,824 passenger vehicles driven for one year

100% of portfolio

companies have kick-started the process towards obtaining ISO Certification

20 refugees hired across the portfolio companies



100% of companies SDG-aligned

Methodology



In 2020, GEF Capital Partners Latam (GEF) focused its attention on further developing its internal Environmental, Social and Governance (ESG) capabilities and its implementation at the portfolio level. We have dedicated substantial attention to our portfolio companies, resulting in operational resilience through this challenging year, and ensuring unconditional focus on long-term shared value creation.

Investment region – **Brazil, middle market**

GEF Capital Partners Latam is a Certified **B Corp**

Asset Class – **Private equity**

Investment themes – **Energy, Sustainable Food & Agriculture, Urban Solutions**

Supported macrotrends – **Population growth, Climate Change, Urbanization**

In May 2020, GEF has published its first Disclosure Statement for the **Operating Principles for Impact Management** and has become a **signatory to the UN-supported PRI**



Signatory of:



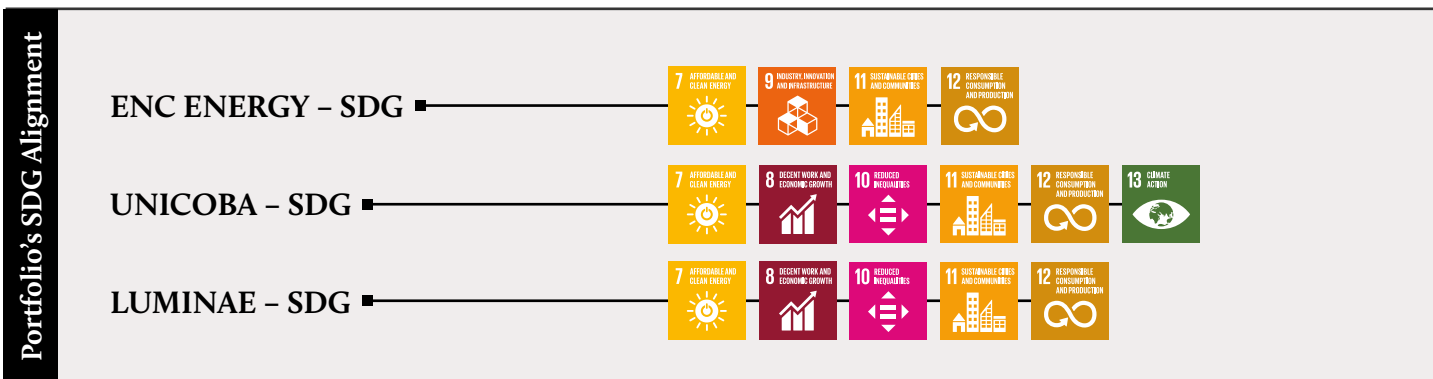
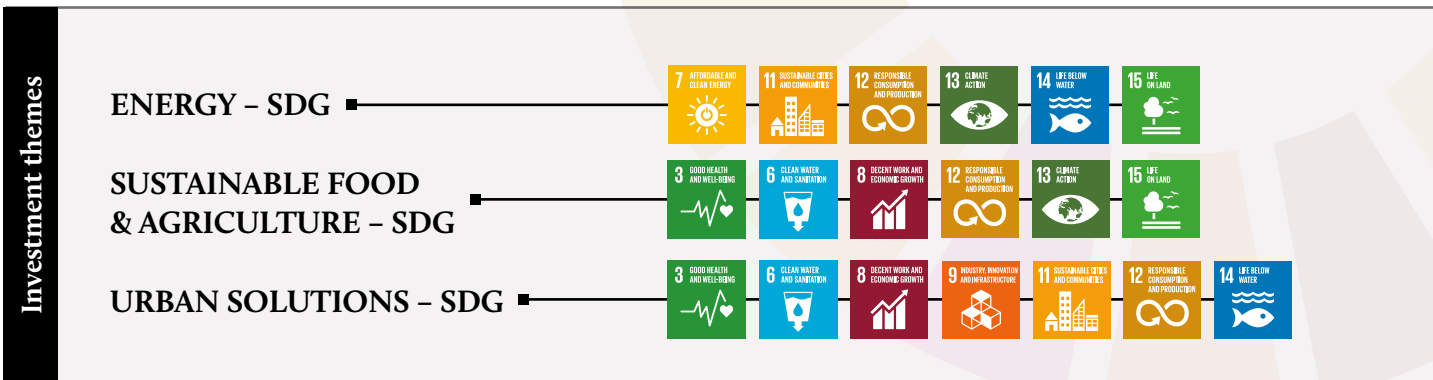
Global Guidelines



Signatory of:



GEF'S THEMES ARE ALIGNED WITH THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS (UN SDG)



Letter from the Team



“*Your actions speak so loudly,
I cannot hear what you are saying*”

Ralph Waldo Emerson

We are proud to present GEF Capital Partners Latam’s second Annual Impact Report, which outlines the impact delivered by our portfolio in 2020. This report also provides an update on the development of our ESG & Impact management system, building on the document published last year and allowing for comparability.

The year that took the world by surprise gave us even more certainty that we are on the right path on our mission to support businesses that deliver attractive returns to our investors and propose effective climate solutions. It was a very challenging year but also one of great growth for us at GEF.

In the context of the COVID-19 pandemic, our priority was to protect people’s lives, at GEF and in our portfolio companies. We worked alongside our executive teams to enhance resilience to the new reality and ensure business continuity. We provided support on multiple fronts, including implementation of health & safety protocols, guidelines for remote work and facilitated access to capital to strengthen liquidity and cash. It is with satisfaction that, after the most critical period of the pandemic, we can say that our businesses have proven to be very resilient and are growing stronger through the crisis.

In a period where ESG was increasingly an area of focus in the investment community, we made substantial improvements in our processes, leading to even greater relevance and transparency to effectively measure what really matters. Beyond the use of generic ESG checklists or templates, we have focused on assessing how our companies have been contributing to

address relevant societal challenges. On this basis, we have dedicated special attention to the measurement of externalities (both negative and positive) caused by our portfolio companies. Additionally, we have reinforced our commitment as a B-Corporation by conducting internal reviews, and as signatory to the Operating Principles for Impact Management by publishing our first disclosure statement supported by independent verification. We have also become signatories of the UN-supported PRI (Principles for Responsible Investment) and are working to implement the SASB materiality framework across our portfolio. We have contributed to the strengthening of the Brazilian impact investing ecosystem through interviews in our “Impact Talks” series and active engagement in various industry events. Finally, we have rebranded our investment methodology to “TrueValue”, which embodies our shared value seeking strategy and incorporates the lessons learned in past years. The revised and expanded framework includes a materiality-driven early impact assessment, an ESG-focused due diligence, and a strict monitoring system introduced to our portfolio companies. The disciplined application of the methodology, across the entire investment cycle, should provide consistency of results in all value dimensions.

It would not have been possible to overcome the challenges of 2020 without the trust and support of our investors, the collaborative relationship with our partners and executives at each portfolio company, and the enormous dedication and commitment of our team. We want to extend our deepest and sincere gratitude to all!

Last year has strengthened our conviction that financial returns and sustainable development are perfectly intertwined, and we believe this combination is a great way to build winning companies that contribute decisively to solve

the main challenges of our generation. We are enthusiastic about the impact we have promoted in 2020 and, very humbly, want everyone to perceive our commitment to be better every day on this journey.





GEF Capital Partners

Corporate Profile

Contributing to climate solutions is in our DNA

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

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

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

We are committed

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

(i) Energy

(ii) Food & Ag

(iii) Urban Solutions

Our investment approach considers two primary criteria to filter opportunities: Prospective companies should **(i)** be operating in a market where it can achieve high growth and financial returns above the market rate and **(ii)** have a positive impact on the environment and the use of natural resources.

VALUE Seek value in specialized businesses where current market perception misprices key assets or businesses

GROWTH Identify secular, macro and regulatory trends that will allow for outsized growth dynamics

OPERATIONAL Find opportunities to serve as a value-added partner to management or company founders to drive operational improvement

EFFICIENT CAPITAL Bring efficient capital solutions to areas where none existed, thereby unlocking value

ESG & IMPACT Experience in adoption of ESG best practices in portfolio companies

GEF's team profile – Committed to future generations

GEF has a seasoned investment team with complementary skills and execution capacity in fundraising, origination and deal closing. With multiple years of global investing across different sectors, we are uniquely positioned to successfully implement our strategy and deliver significant value to our investors.

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

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



Institutional Activities in 2020

01. COVID-19

The Brazilian economy has been hit particularly hard by the Pandemic, resulting in businesses shutting down, and recording high unemployment figures. On that basis, we have collectively decided to support selected NGOs, which desperately needed various types of resources and generally faced increasing demand for basic assistance.

R\$150K 

Total Amount Donated from March/2020 to May/2021

12 

Number of beneficiary institutions

Causes Supported

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

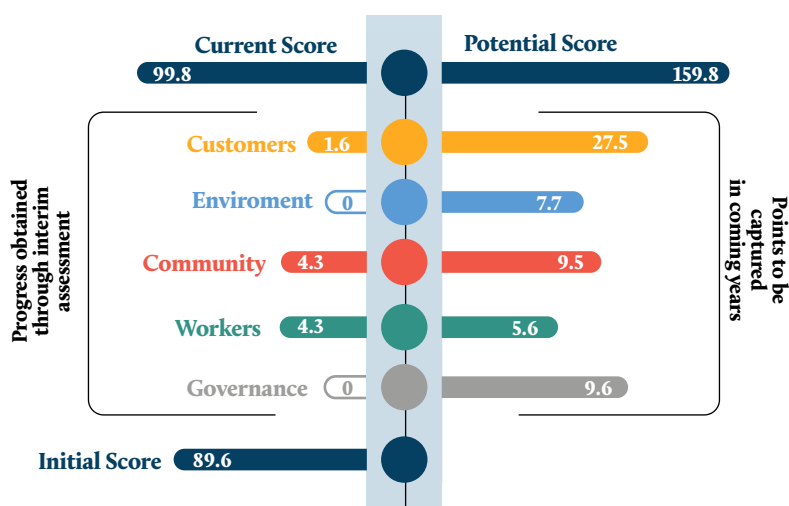


02. Alignment with globally accepted principles

• In May/2020 we became Brazil's first signatory to the Operating Principles for Impact Management and in May/2021 we have published our first Disclosure Statement, which was verified by local impact consulting firm Sitawi

• We have also completed our first anniversary from becoming a certified B-Corporation. In May/2021, we have performed an internal evaluation that showed the following progress

• In May/2021 GEF Capital Partners globally became a signatory to the UN-supported PRI



Signatory of:



03. Internal Processes

In 2020 we have taken the internal steps to strengthen our commitment to best practices.

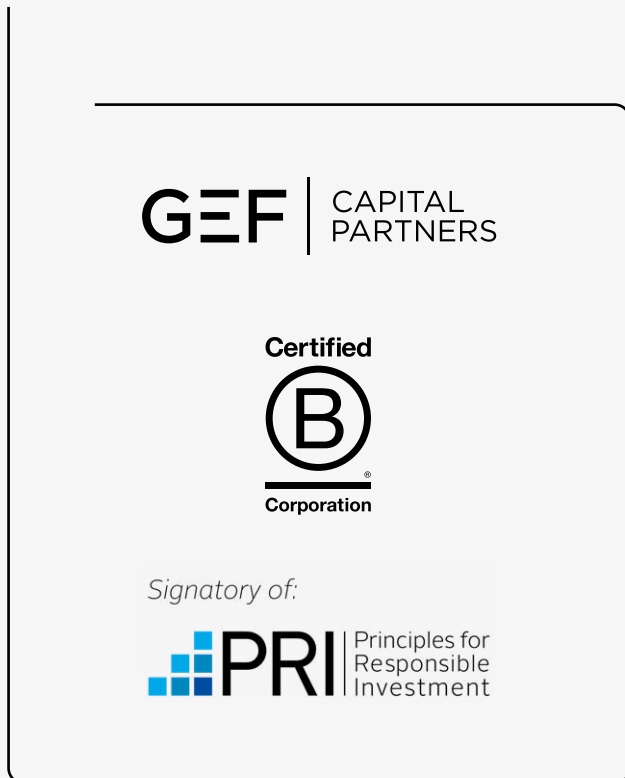
- Development and implementation of a robust Human Resources guidebook, containing strict provisions to protect our most valuable resources – our people
- Development of an Environmental and Social Management System (ESMS) for the firm, that formalizes our commitments to the best ESG practices and outlines our systems and processes to create and maximize shared value through our investments
- Publication of our Sustainable Finance Policy, which summarizes our internal ESG related policies

04. INSPER Challenge

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

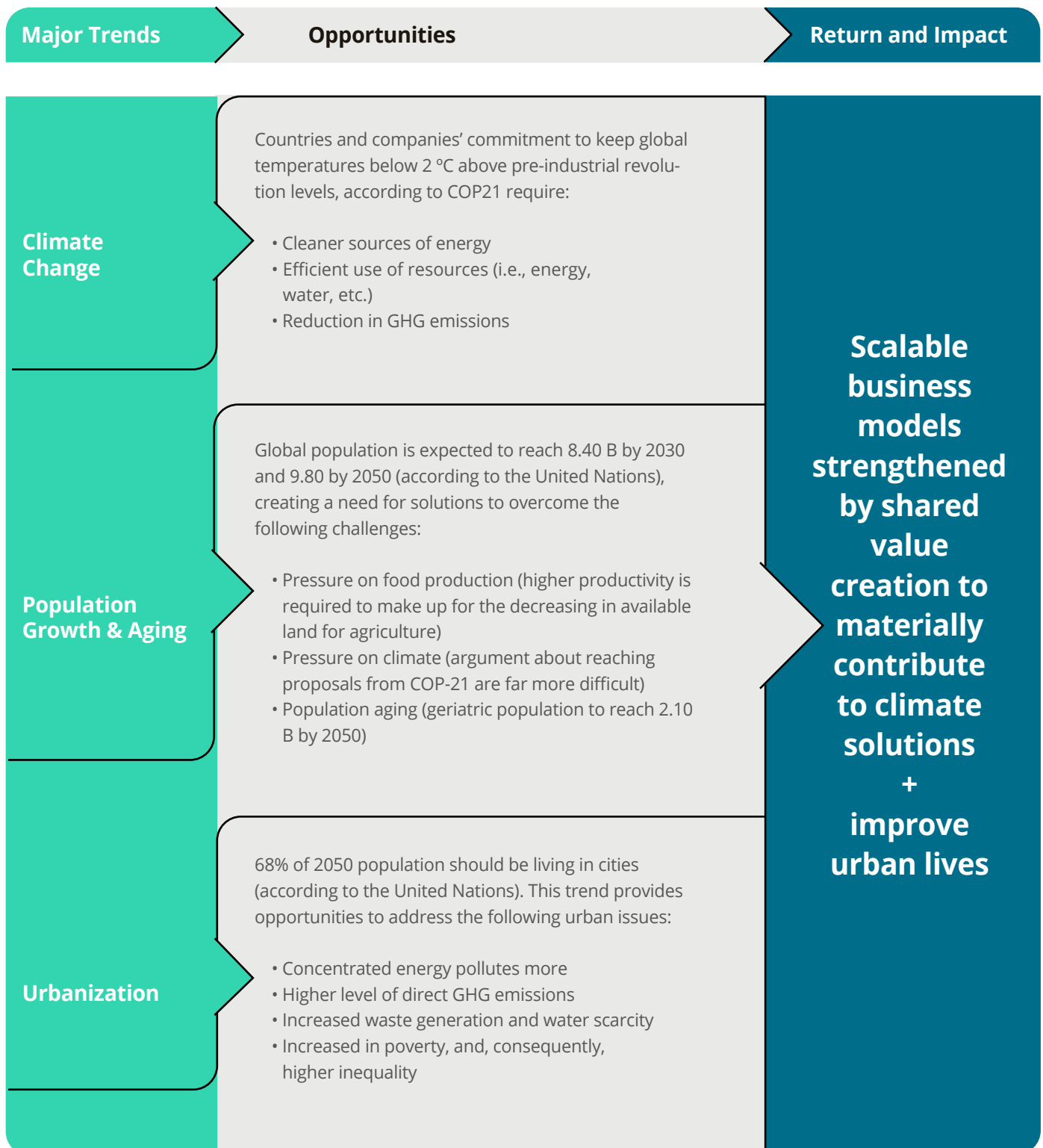
05.

In 2020, GEF Capital Partners Latam measured its Carbon footprint and has neutralized scope emissions 1, 2 and 3.



Macrotrends and Investment Themes

As a purpose-driven fund manager, we understand that major global challenges offer attractive opportunities to deliver financial returns and societal impact. GEF's investment approach relies on a deep understanding of three global macrotrends: Climate change; Population growth & aging; and Urbanization.



Some of the macro trends previously illustrated are expected to lead to adverse societal outcomes in the future, as outlined in the [World Economic Forum's annual Risk Report](#), including extreme weather events, water crisis, biodiversity loss, human-made environmental disasters and natural disasters. GEF recognizes the meaningful role played by enterprises that, through efficient business models, help

mitigate the materialization of such risks. We focus on investing in industries supported by key megatrends grouped into three themes: (i) energy, (ii) urban solutions and (iii) food and agriculture. We understand that the list of sub-segments within our core areas is not exhaustive, but we are currently focused on the specific subset outlined below:

Energy

- Clean Energy
- Energy efficiency
- Energy storage



Urban Solutions

- Waste & Recycling
- Water & Sewage
- Healthcare solutions



Food and Agriculture

- Plant Nutrition
- Animal Health & Nutrition
- Food Ingredients
- Plant Based & Organics



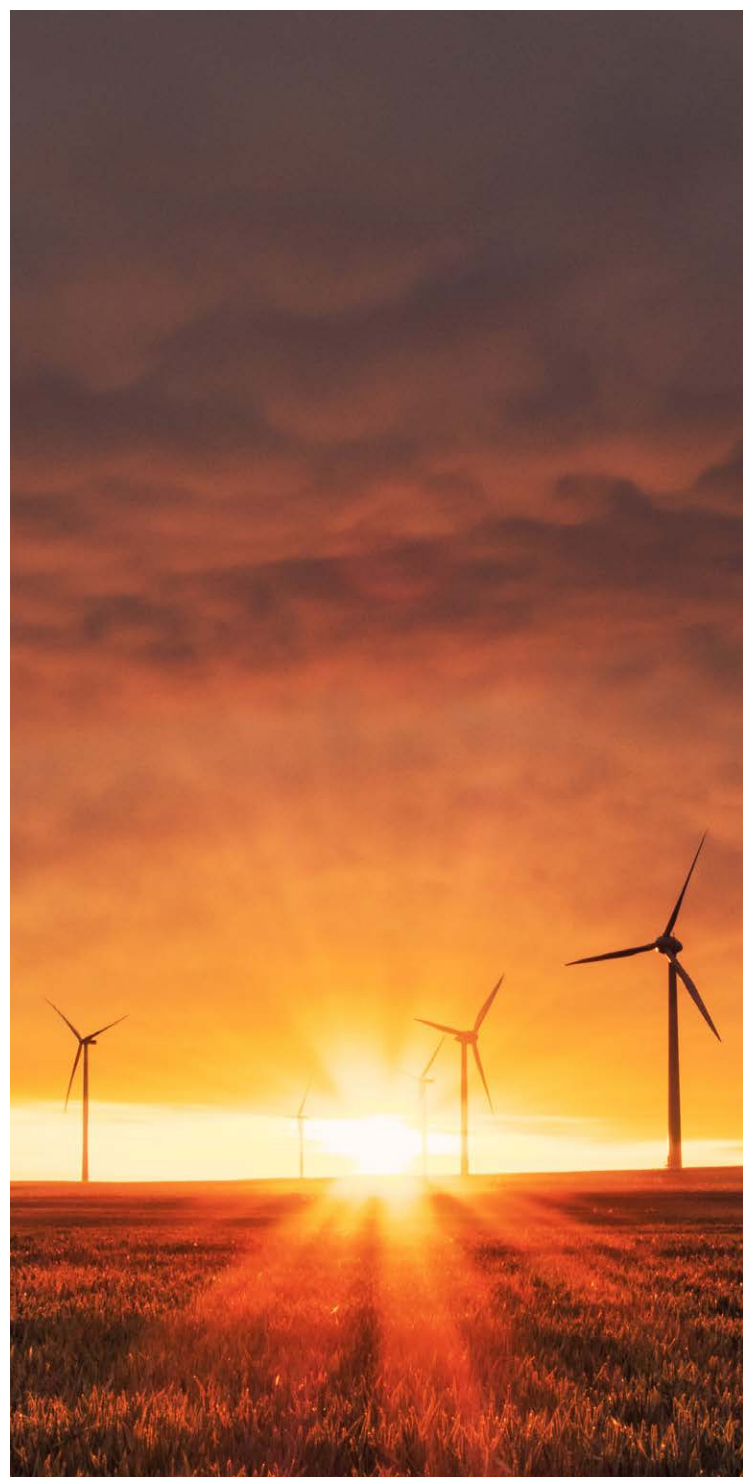
Clean Energy and Efficient Use to move the world

Energy is central to nearly every major challenge and opportunity the world faces today. According to the United Nations (UN), around 3 B people rely on wood, coal, charcoal or animal waste for cooking and heating. Therefore, energy is the dominant contributor to climate change, accounting for around 60% of total global greenhouse gas emissions.

We believe in business models that support the smart generation and utilization of energy and that reduce GHG emissions and their effects on climate. Although Brazil's energy matrix is considered to be "green" relative to the rest of the world, we are privileged in that we have some of the highest solar radiation rates (>1,800 kWh/m²/year vs. Germany's 1,000 kWh/m²/year⁴) and tremendous wind power potential (estimated at 500 GW⁵, which would be enough to meet the country's demand three times over), which should lead the country to an even greener future. To move further along this path, Brazil will need to focus on implementing initiatives that promote energy efficiency. Since 2000 the country saved 5% of additional energy consumed in 2017. The structural change in the economic activity, which moved from energy-intensive industry sectors to less intensive manufacturing and service sectors reduced the impact of activity growth by 14%. According to the International Energy Agency (IEA), this reduction would have reached 23% had Brazil invested more in cross-sector technological improvements.

Energy efficiency, renewable energy and changes in the demand for energy services can account for more than 90% of the CO₂ emission reductions needed to achieve 1.5-degree reductions as proposed by the Paris Agreement, reports the International Renewable Energy Agency (IRENA)⁶.

Brazil will have to implement and enhance initiatives that promote energy efficiency, cross-sector technological improvements and access to more efficient technologies and practices. We seek to invest in companies that contribute to a more sustainable future through renewable generation, application of new technology and efficiency gains.



4. climatepolicyinitiative.org/wp-content/uploads/2017/10/Working_Paper_-_Distributed_Solar_Photovoltaic_Generation_in_Brazil.pdf/

5. Brazilian Wind Power Association (ABEOLICA)

6. https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Nov/IRENA_A_key_climate_solution_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98

Healthy Food and Sustainable Agriculture

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

In recent years, agricultural malpractice (i.e., misuse of fertilizers), adverse climate events, and unethical human interventions have created adverse effects that range from soil degradation to the excessive emission of greenhouse gases. According to Climate Watch Data, agriculture is the single largest contributor to GHG emissions in the country (500 Mt CO₂ vs. 450 Mt CO₂ from the energy sector from a total of 1.40 Gt emitted in 2019). As the world works to mitigate risks around food security and climate change, we recognize that pivotal solutions must be implemented in the agricultural sector, and we are excited about the existing opportunities available in Brazil. From efficient plant nutrition, to sustainable food and ingredients companies, GEF believes that the sector is fertile for business models that contribute to increased access to healthy dietary options and that use resources efficiently in ways that contribute to minimizing GHG emissions.

While substantial environmental impacts from food occur in the production phase (agriculture, and food processing), households influence these impacts through their dietary choices and habits, which should become more determinant as global population increases. That is why we look for companies that operate in any phase of the supply chain. This includes not only developing better ways of production, but also educating consumers on sustainable consumption, and that provide them with adequate information through standards and labels.



Urban Solutions to Improve the Flow of People and Resources

According to the UN, the world's metropolitan areas occupy just 3% of the Earth's land, but account for 60-80% of energy consumption and 75% of carbon emissions. Urban growth brings along massive challenges around job creation, social well-being and sustainable use of resources. Half of the global population (3.50 B people) currently resides in cities and this number is projected to rise to 5 B people by 2030. Rapid urbanization challenges include pressure on fresh water supplies, sewage, overloaded public healthcare systems, and appropriate waste management.

On a global basis, the transportation sector accounts for approximately 25% of the greenhouse gas emissions, according to the UN. Well planned mobility systems are crucial to help address climate change.

Given the core role of transportation in sustainable development, we look for companies that provide efficient solutions in this sector.

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

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



Brazilian context

Brazil is a continent-sized country with a population of **210 M**⁷



World's ninth largest economy with a GDP of US\$ 1.87 T⁸



The country's unique land dimensions hold a significant portion of the world's preserved forests (**13% of total**, followed by Congo and Indonesia with 4% and 2%, respectively)⁹



Its tropical soil produces over **270M tons** of grains every year



Total area **8.50 M (km²)**¹⁰



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

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

Agriculture plays a pivotal role in Brazil's economy, currently representing 20% of the country's GDP.

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

7. data.worldbank.org/indicator/SP.POP.TOTL?locations=BR/

8. data.worldbank.org/country/brazil/

9. <http://www.fao.org/3/i2247e/i2247e00.pdf/>

10. IBGE

Brazilian general challenges

AGING

POPULATION¹¹

- ▼ 17% Up to 13 years
- ▲ 65% 14-59 years
- ▲ 18% ≥ 60 years

URBANIZATION¹²

- ▼ 15% Rural
- ▲ 85% Urban
- 5,568 Cities

GOODS

TRANSPORT

- 60% Road haulage
- 25% Rail freight
- 12% Waterway

VEHICLE FLEET¹³

- 47.10 M
- 10 years average¹⁴

SANITATION¹⁵

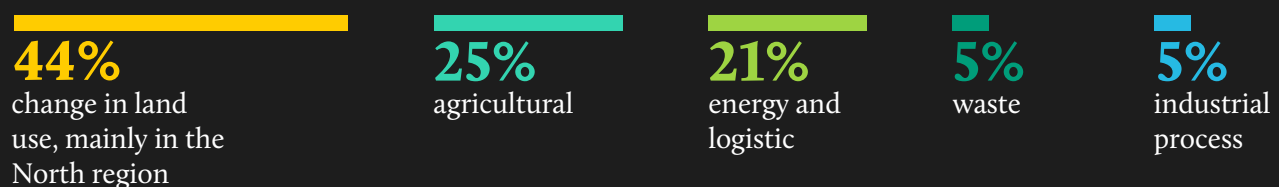
- 35 M people with no clean water
- 116 M people with no sewage
- 114 M people with no correct waste disposal



- Soybeans¹⁶ (2019/20 crop)
124.80 M tons
- Cattle¹⁷ (2020)
214.70 M heads
- Pasture¹⁸ (2020)
162.30 M ha
- Coffee¹⁹ (2020/21)
67.50 M bags of coffee
- Sugarcane²⁰ (2020/21)
677.90 M tons
- Maize²¹ (2020/21)
112.90 M tons

GHG EMISSIONS²²

1.90 GtCO₂eq, 7th largest in the world The state of São Paulo is the 3rd largest 50% energy and logistic



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

11. SIDRA, 4T20, <https://sidra.ibge.gov.br/tabela/5918>

12. IBGE, <https://educa.ibge.gov.br/jovens/conheca-o-brasil/populacao/18313-populacao-rural-e-urbana.html>/ IBGE, <https://www.ibge.gov.br/geociencias/organizacao-do-territorio/estrutura-territorial/15761-areas-dos-municipios.html>

13. <https://www.diariodoaco.com.br/noticia/0074248-frota-brasileira-deve-chegar-em-2020-a-471-milhoes-de-veiculos>

14. <https://www.statista.com/statistics/831157/motor-vehicle-fleet-average-age-brazil-type/>

15. <http://www.tratabrasil.org.br/saneamento/principais-estatisticas>

16. <https://www.embrapa.br/en/soja/cultivos/soja1/dados-economicos/>

17. <https://www.ibge.gov.br/busca.html?searchword=itanhandu>

18. <http://abiec.com.br/sustentabilidade/>

19. https://www.conab.gov.br/info-agro/analises-do-mercado-agropecuario-e-extrativista/analises-do-mercado-historico-mensal-de-cafe/item/download/32511_c5c201716c073cd1fb17c5196a517411#:~:text=De%20acordo%20com%20estimativa%20do,5%20milh%C3%B5es%20de%20caf%C3%A9%20conilon.

20. <https://agenciadenoticias.ibge.gov.br/agencia-sala-de-imprensa/2013-agencia-de-noticias/releases/29889-ibge-preve-safra-recorde-de-260-5-milhoes-de-toneladas-para-2021>

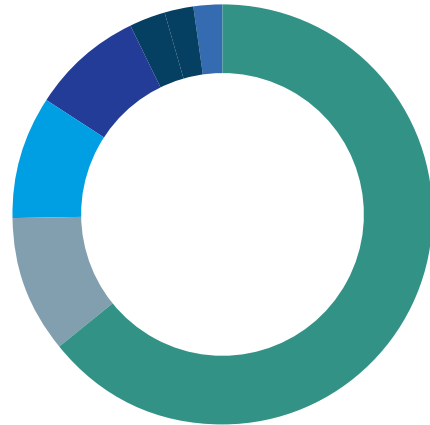
21. https://www.conab.gov.br/perspectivas-para-a-agropecuaria/item/download/33022_e88d249f1ec0e874cdfd1ac8b6361099

22. plataforma.seeg.eco.br/total_emission/#/

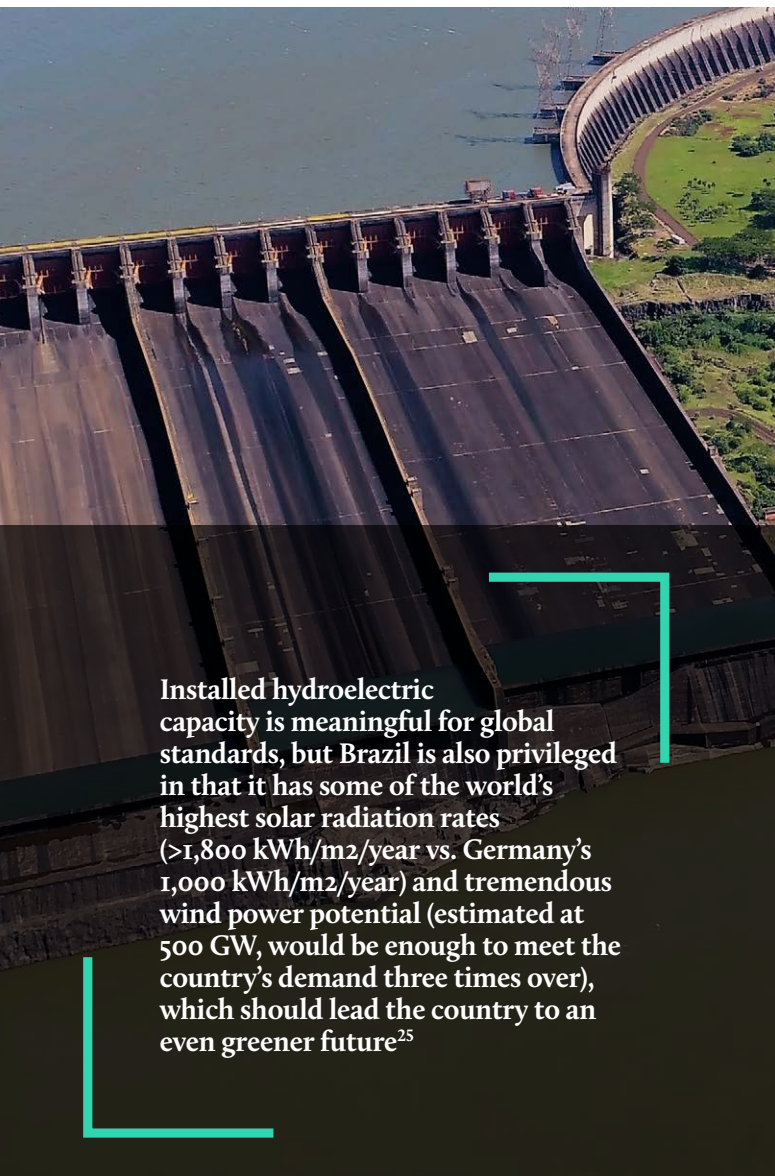
In 2020, it is estimated that Brazil's GHG emissions, excluding Land Use, Land-Use Change and Forestry (LULUCF), has dropped by circa 4% in comparison to 2019. Social isolation measures have led to reduced emissions in transportation and electricity generation during the second quarter of the year. However, emissions from agriculture are expected to maintain an upward trend, as fewer livestock were sent to slaughter.²³

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

Brazilian Energy Matrix²⁴

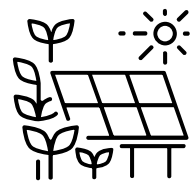


Hydraulic	62.60%
Solar and eolic	10.50%
Biomass	9.10%
Natural gas	8.30%
Coal	2.70%
Nuclear	2.20%
Petroleum and oil products	2.10%

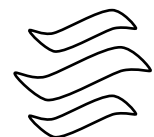


Installed hydroelectric capacity is meaningful for global standards, but Brazil is also privileged in that it has some of the world's highest solar radiation rates (>1,800 kWh/m²/year vs. Germany's 1,000 kWh/m²/year) and tremendous wind power potential (estimated at 500 GW, would be enough to meet the country's demand three times over), which should lead the country to an even greener future²⁵

Some of the world's highest solar radiation rates



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



23. <https://climateactiontracker.org/countries/brazil/#:~:text=We%20expect%20that%20Brazil's%20GHG,activity%20in%20the%20industrial%20sector.>
 24. https://www.epe.gov.br/sites-pt/publicacoes-dados-abertos/publicacoes/PublicacoesArquivos/publicacao-601/topico-588/Relat%C3%B3rio%20S%C3%ADntese%20BEN%202021-ab%202020_v1.pdf
 25. Source: exame.abril.com.br/negocios/dino_old/energias-renovaveis-justo-imenso-potencial-brasileiro-dino89081876131/

As any other country in the Latin American region, Brazil also faces **severe social challenges**

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

In 2020, Brazil ranked **8th in the global social inequality** only better than some African countries²⁶

Poor social indicators coupled with **stagnated infrastructure** translate into **urban problems** faced by the country

Penetration of water treatment²⁷ services is fairly low (50% of Brazil's population doesn't have sewage services), and private sector involvement is still very limited (i.e., less than 10% of total investments)

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

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

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

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

26. <https://agenciabrasil.ebc.com.br/en/geral/noticia/2020-12/brazil-ranks-84th-worlds-human-development-index>

27. g1.globo.com/economia/noticia/saneamento-melhora-mas-metade-dos-brasileiros-segue-sem-esgoto-no-pais.ghtml

Changes spurred by COVID-19

The outbreak of COVID-19 has raised numerous questions around the rise of new pandemics going forward, environment protection, rapid climate change and global health. Building back better while we exit the crisis will be the litmus test of all countries' determination to drive forward the 2030 Agenda for Sustainable Development and the

Decade of Action to deliver on the Sustainable Development Goals. From this perspective, we believe that the COVID-19 pandemic has acted as a wake-up call and Brazil plays a pivotal role in leading positive future changes, if we manage to implement the right policies and engage the private sector at scale.



Brazil holds 12% of the world's total forests with coverage that is second only to Russia. From August 2019 to July 2020, deforestation rates in the Amazon grew 9.5%, which means that 11,088 square kilometers of forest have been cleared²⁸



Cattle ranching and exploitative agricultural activities are the main drivers for increasing deforestation. As a result, Brazil is unlikely to meet the Nationally determined contributions (NDC) targets: **37% reduction in GHG emissions by 2025 and 43% by 2030**, compared to 2005 levels²⁹



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

Brazil's major meat producers have recently publicly reinforced their commitments to tackling deforestation in their supply chains. The sector has also attracted special attention from entrepreneurs, researchers, and investors, who aim to support innovative interventions from agtechs and consolidated companies alike. We believe that the COVID-19 pandemic has acted as a catalyst for the integration of biodiversity related concerns, as well as the enhancement of tech solutions for a wide range of sectors.

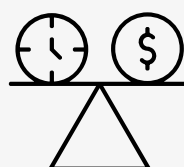
28. <https://ipam.org.br/desmatamento-na-amazonia-cresce-pelo-4o-ano-florestas-publicas-sao-alvo-de-grilagem/>

29. <https://www.worldbank.org/pt/country/brazil/overview>

Social and Urban challenges



The COVID-19 pandemic has also worsened already precarious social issues. According to the IBGE (Brazilian Institute of Geography and Statistics), about 6.5% of the Brazilian population lives on less than US\$ 1.90 per day.³⁰



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

Role of GEF's investments in supporting a green recovery

One of the country's main challenges is to resume economic growth in resilient and sustainable fashion. According to a [study](#)³¹ published by WRI Brasil and New Climate Economy (NCE), a green economic recovery would allow Brazil's economy to grow more in the next decade than expected in the current economic model. By 2030, a low carbon, climate resilient economic recovery in Brazil is expected to add up to US\$ 535 B to the country's GDP.

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

30. <https://agenciadenoticias.ibge.gov.br/en/agencia-press-room/2185-news-agency/releases-en/29439-sintese-de-indicadores-sociais-em-2019-proporcao-de-pobres-cai-para-24-7-e-extrema-pobreza-se-mantem-em-6-5-da-populacao-2>

31. https://wribrasil.org.br/sites/default/files/af_neb_sumarioexecutivo_english.pdf

Our Approach

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

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

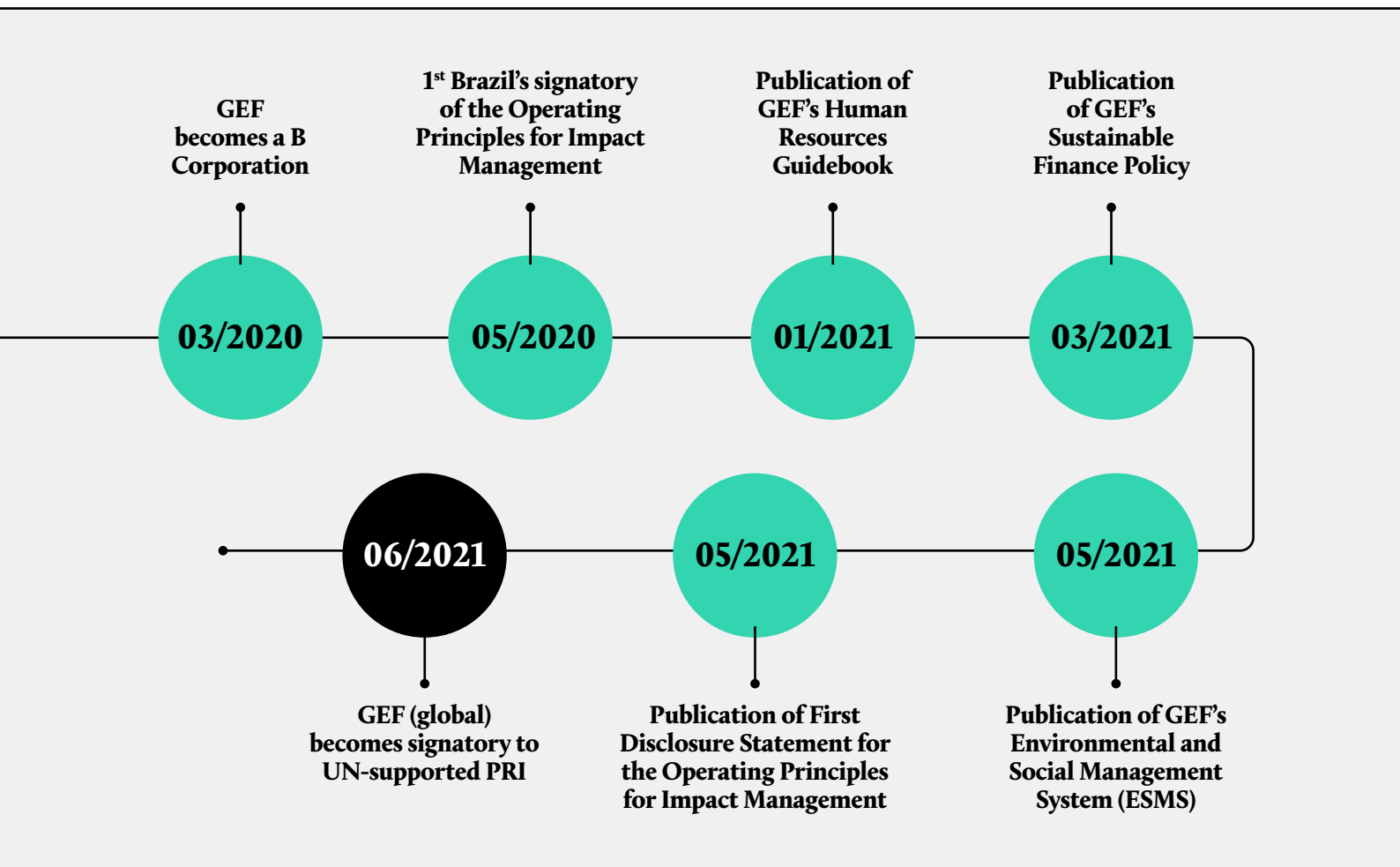
This involves an early assessment of the impact of a target's business model. Our understanding is that numerous companies have impactful business models, even if the intentionality is not explicit, so we tend to not discard such businesses from our initial screening process for this particular reason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

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

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

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

We are committed to ensure continuous improvement of our ESG and Impact methodology, by reviewing tools, processes and policies, aiming at obtaining more visible and consistent results. We understand that generating impact goes beyond solely introducing ESG factors and relies on solid execution. The timeline below illustrates some of recent improvements:




Shared value drives positive societal change

According to Michael Porter and Mark Kramer, who introduced the movement in 2011, shared value can affect strategy at three levels: (i) creating new products that address clear societal needs, (ii) enhancing productivity in the value chain and (iii) investing to improve the business environment in the regions where the company operates.

Consider Luminae, our LED lighting company. The company has developed a proprietary technology that offers higher energy efficiency, which translates into a substantial reduction in energy consumption and cost savings for its clients. Such reductions are further enhanced as the lighting structures are paired with real time energy consumption monitoring systems. While its current client base revolves primarily around large food retail chains (i.e.,

supermarket chains), the company has been implementing a robust strategy to reach other segments, including SMEs, which arguably benefit more substantially from the resulting efficiency gains, as their scale reduces their competitiveness against large players. The expansion of the client base within the target region naturally results in economic gains for Luminae, as well as societal gains (i.e., a broader reduction in energy consumption, cost savings for small and medium-sized businesses, etc.).

As we continue to support this and other businesses, we remain attentive to the ways in which the company may drive positive societal changes, which may enhance returns for our investors.








Creating Value Through Our TrueValue Methodology

Through a disciplined introduction of our TrueValue methodology, we aim to create shared value across our portfolio. We aim to strengthen the competitiveness of a company while simultaneously driving positive economic and societal impact. Shared value creation focuses on identifying and expanding the connections between societal and economic progress, superior profits, cost reduction, and competitiveness enhancement.

PROCESS		
Origination	Due Diligence	Shared Value Creation
<p>Systematic approach to identify and evaluate attractive opportunities aligned with our thesis and sectors:</p> <ul style="list-style-type: none"> • Energy • Urban solutions • Food and agriculture <p>Analysis of the five dimensions of impact proposed by the Impact Management Project:</p> <ul style="list-style-type: none"> • What • How Much • Who • Contribution • Risk 	<p>Rigorous evidence-based assessment, supported by some of the world's most rigorous compliance standards</p> <p>Elaboration of a ESG diagnosis, and subsequent preparation of a customized ESG Action plan</p>	<p>The impact performance indicators to be monitored are established based on IRIS+ metrics and SASB materiality map, both industry-specific</p> <p>Implementation of the ESG action plan derived from the previous phase</p> <p>Establishment of key committees, including the ESG Committee</p> <p>Follow-up on the implementation of the ESG action plan (part of the 100-Days Plan) at the ESG Committee monthly meetings</p>

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

Investment cycle assessment: from sourcing to exit

1		WHAT What outcomes(s) does the effect relate to, and how important are they to the people (or planet) experiencing it?
2		HOW MUCH How significant is the effect that occurs in the time period?
3		WHO Who experiences the effect and how underserved are they in relation to the outcome(s)?
4		CONTRIBUTION How does the effect compare and contribute to what is likely to occur anyway?
5		RISK Which risk factors are material and how likely is the effect different from the expectation?

01. Origination

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

We have identified that this exercise followed by subsequent mapping of the most relevant risks (as outlined in the IMP framework) are crucial to help us understand the proposed impact and the materiality of existing/potential risks.

	Impact Risk	Definition
1	Evidence	The probability that insufficient high-quality data exists to know what impact is occurring
2	External	The probability that external factors disrupt our ability to deliver the impact
3	Stakeholder participation	The probability that the expectations and/or experience of stakeholders are misunderstood or not taken into account
4	Drop-off	The probability that positive impact does not endure and/or that negative impact is no longer mitigated
5	Efficiency	The probability that the impact could have been achieved with fewer resources or at a lower cost
6	Execution	The probability that the activities are not delivered as planned and do not result in the desired outcomes
7	Alignment	The probability that the impact is not locked into the enterprise model
8	Endurance	The probability that the required activities are not delivered for a long enough period
9	Unexpected impact	The probability that significant unexpected positive and/or negative impacts is experienced by people and the planet

In the very early stages of our investment cycle, we also apply the SDGs framework to evaluate the alignment of the business with the United Nations’ 2030 agenda for sustainable development. We typically identify the goals our prospective companies are aligned with

and those that might be directly compromised by the company’s business model. This is an ongoing analysis that helps us further investigate our companies’ true commitment to participate in the resolution of systemic issues (and avoid mission drift).



Utilization of IMP and the SDGs is the backbone of our Early Impact Assessment, which is a valuable tool to guide internal discussions on the risks and opportunities around ESG & Impact. At this stage, immediately following

the execution of a confidentiality agreement, the investment team also prepares a Fit Index, which offers a preliminary rating based on various aspects, including compliance with key ESG factors.

02. Due Diligence

Once we have established that a prospective investment has met the criteria to advance in our investment process, we initiate a thorough and multidisciplinary due diligence. One of the key aspects assessed at this stage is the business' compliance with ESG factors. GEF has developed a proprietary assessment based on rigorous standards including the IFC's Performance Standards, the IFC EHS guidelines, OECD Standards, the IFC EHS guidelines, OECD guidelines for corporate governance, ILO, etc.

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

International Finance Corporation (IFC)

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



World Bank Group Environmental, Health, and Safety Guidelines

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



International Labor Organization (ILO)

UN agency that sets labour standards, develops policies and devises programmes promoting decent work for all women and men



Principles for Responsible Investment (PRI)

Voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice



Sustainable Development Goals (SDG)

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



Organization for Economic Cooperation and Development (OECD)

Intergovernmental economic organization that has developed the principles for Corporate Governance, which is regarded as one of the industry's most well regarded



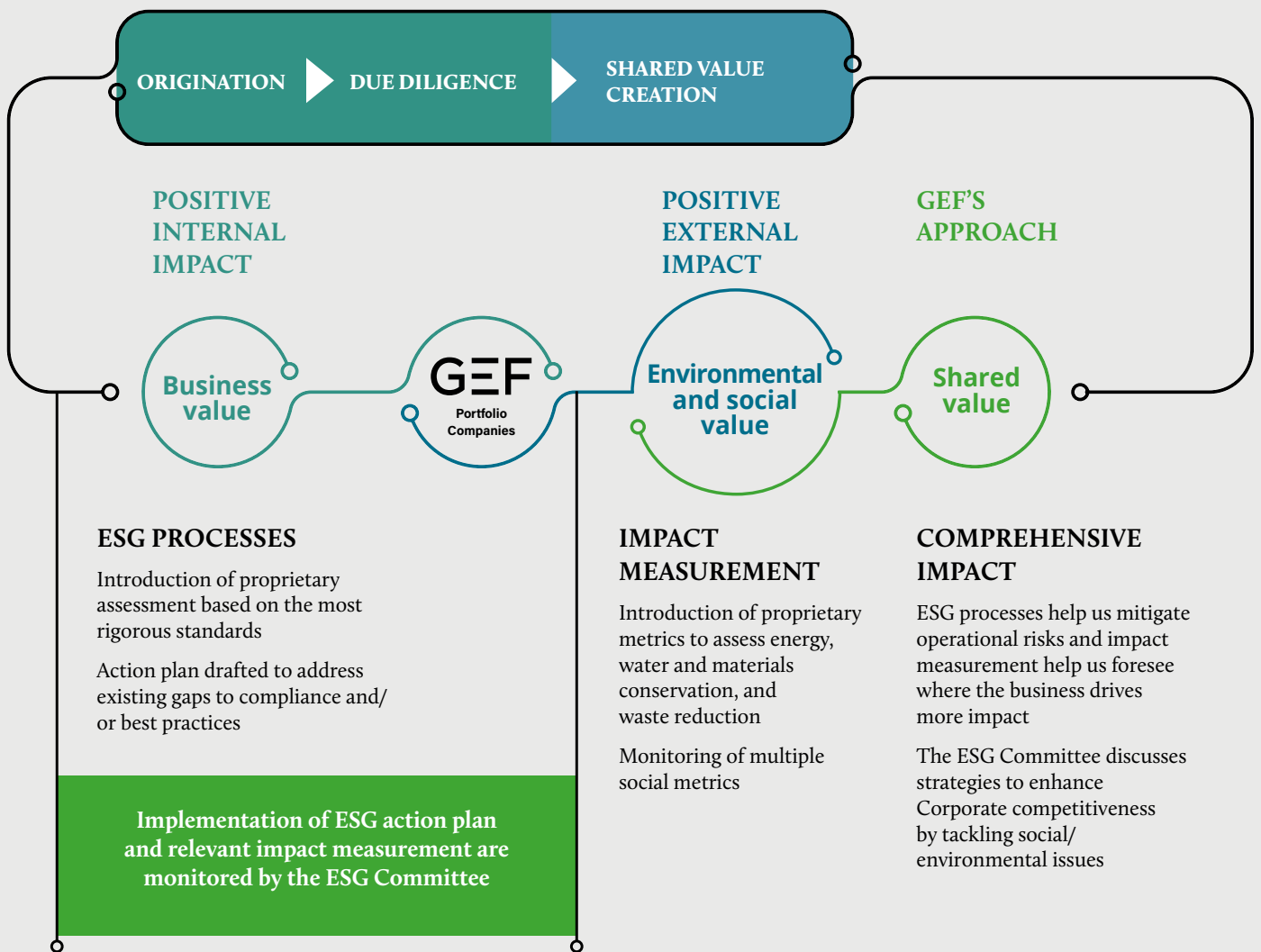
We understand that this might be the first interaction most professionals at the company have with ESG factors, and we therefore find it extremely relevant to work alongside the business in order to maximize the utility of this exercise. The output consists in a diagnosis that helps us shape a strategy going forward, which might involve the inclusion of relevant

ESG action points as Conditions Precedent to transaction closing, but always translates into the development of a comprehensive ESG action plan to be addressed after closing. We are specifically attentive about distributing accountability, establishing deadlines, and ensuring we are available at all times, in order to guarantee a smooth execution.



03. Shared Value Creation

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



We are very pragmatic in selecting the quantitative metrics to be measured and monitored, and usually select a handful to keep this exercise simple and focused on what truly matters. We have focused on resource efficiency, carbon footprinting and general

social metrics, extracted primarily from IRIS +. We have recently decided to adopt SASB as our reference source of quantitative impact metrics to be introduced to the portfolio. In our view, SASB’s focus on materiality and diligent approach to select industry-specific metrics.

Portfolio companies



Unicoba

Company information



Unicoba is a leading energy storage solutions provider, primarily focused on stationary and portable batteries. The company currently serves a wide array of segments and clients, with relevant market share in storage solutions for telecommunications, financial institutions, data centers, as well as in the mobile segment for cell phones and laptops, combining market experience with manufacturing expertise on a technology agnostic basis.

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

Additionally, new products under development may support the development of renewable energy generation and provide access to electricity to low-income population for the first time, through off-grid projects under development in some regions of the country.

Headquarters:
São Paulo, Brazil

Initial investment:
July 2019

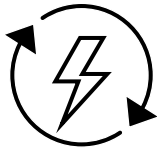
Industry theme:
Energy & Industrial Efficiency

Investment theme:
Acquisition

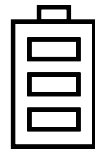


Alignment with

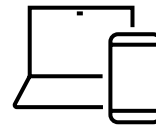




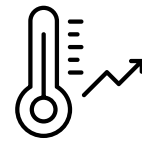
The company was founded in 1973, and develops energy efficiency and energy storage solutions.



Primarily focused on Stationary and Portable Batteries.

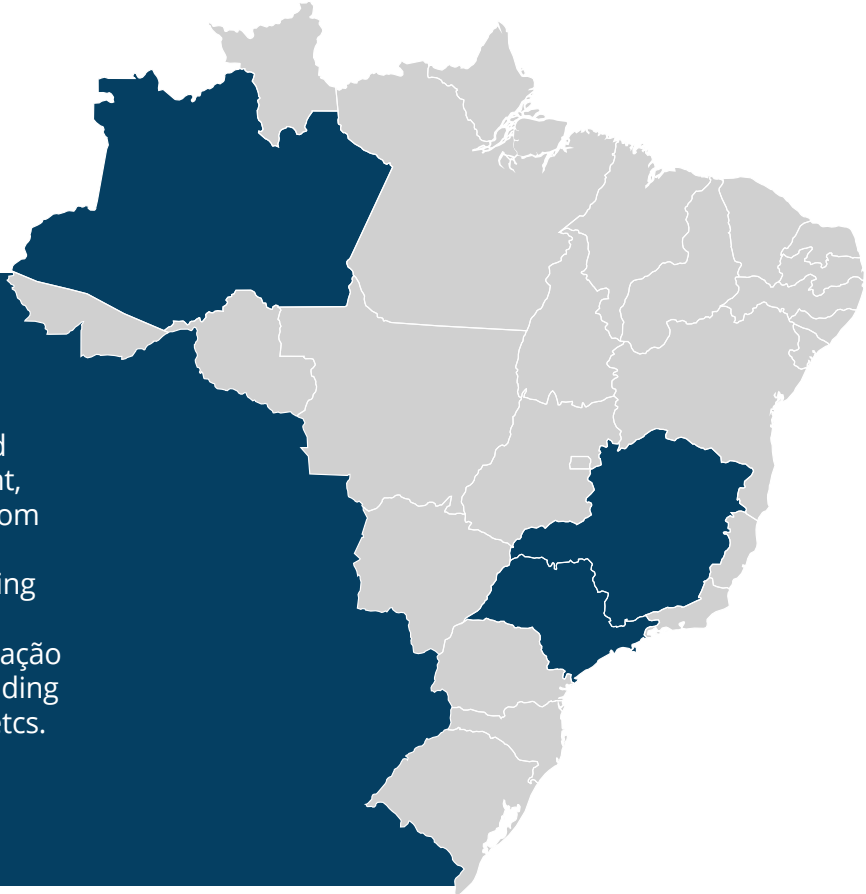


In the Li battery market, the company has a relevant market share and is a trusted supplier for leading manufacturers of notebooks and cell phones.



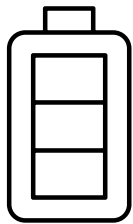
The company is introducing a new generation of batteries, more resistant to higher temperatures, with longer lifespan and remote monitoring and anti-theft capabilities.





Currently, the Company has two industrial plants (Manaus-AM and Extrema-MG). In the Manaus plant, Unicoba had hired 12 refugees from Haiti and Venezuela. Additionally, the Company has been contributing to the local community through projects in partnership with Fundação Amazônia Sustentável (FAS), including the Tumbira and TeleSaude projects.

Key differentials



- Promotion of solutions that can drive higher energy efficiency
- Adoption of more environmentally friendly energy storage technologies and processes
- Contribution to reduction of hazardous materials (LFP vs. sulfur batteries)

COVID-19 Response

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

Since the beginning of the pandemic, Unicoba has adopted a contingency plan led by a multidisciplinary team, to contain the proliferation of the virus and to more assertively take action in case of contamination.

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

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

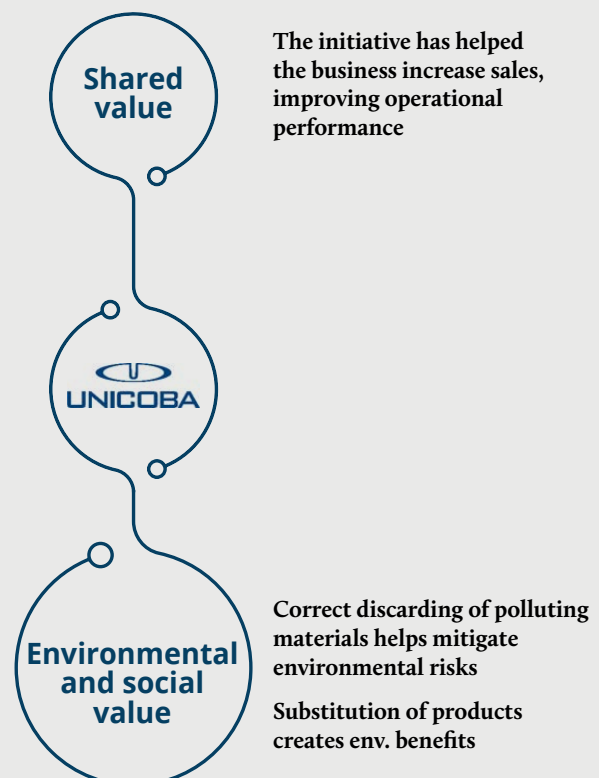
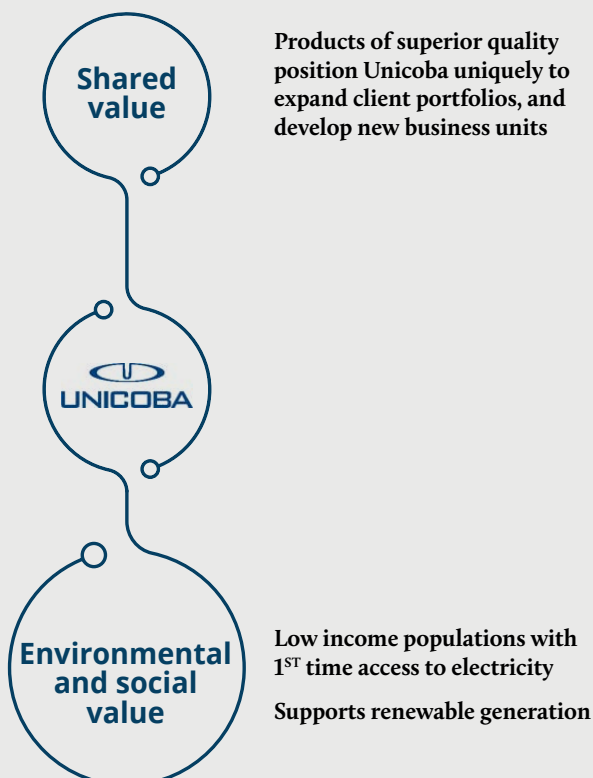
Truevalue strategy

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

- Federal regulation mandates Brazilian utilities reserve 0.50% of net profits for energy efficiency projects
- Since the program was created, nearly 60% of the investments have targeted low income populations
- One of the largest energy distributors in the country has recently introduced a program to install solar powered off-grid systems in the remote Pantanal region
- Complex logistics add to the existing difficulties and makes a stronger case for utilizing the most efficient components (that will rely less on maintenance)
- Unicoba produces and distributes LFP batteries, which are more resistant and durable, and require less external maintenance

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

- A great portion of Unicoba's new clients are former users of lead batteries that opt to switch for more efficient products
- These clients do not always account for the polluting content of the batteries, and end up discarding the residual batteries inappropriately
- On that basis, Unicoba has designed a program to assist clients (new and old) with the collection and appropriate handling of these materials, in line with strict environmental standards
- Although at early stages, this initiative has driven additional sales to the company, and impact



Impact Creation

2020 Highlights

Reducing Waste Through Reverse Logistics

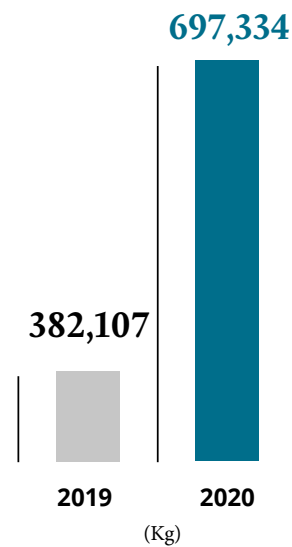


Activities	Outcome
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Most of Unicoba's new clients are former users of lead batteries that have opted to switch for more efficient alternatives. On that basis, Unicoba has designed a program to assist clients on the collection and appropriate handling of the materials, in line with strict environmental standards.

The reverse logistics program for stationary lead batteries manufactured by Unicoba has been running for over 10 years. This initiative reduces polluting materials and newer batteries have 2-4 times longer lifespan.

From 2019 to 2020, total waste reduction improved by 82%.



Increasing Diversity



Activities	Outcome
Unicoba has been constantly working to increase employee diversity.	In 2020, Unicoba had 12 refugees from Haiti and Venezuela among its workforce.



Other company-specific KPIs

KPI	Unit	2019	2020	Relation with SDG targets
Refugees/Immigrants Among workforce	#	N/A	12	10.7
				8.1
				13.3
Estimated # of impacted lives (Amazônia)	#	N/A	7400	7.1
				7.2
				7.3
				10.2
Total waste reduction through reverse logistics	Tons	382	697	11.6
				12.2
				12.5



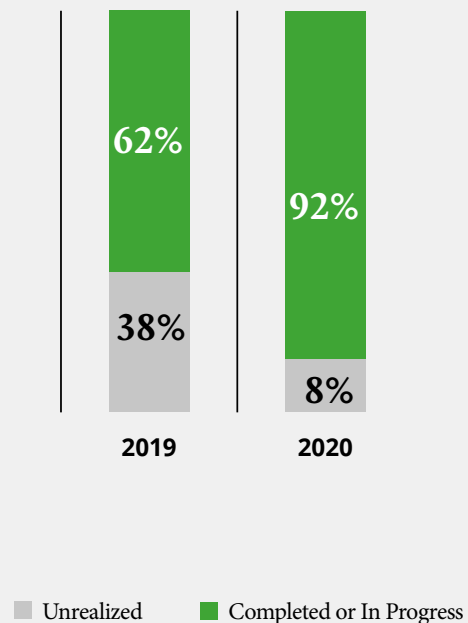
ESG performance

Action Plan progress

Since the initial investment in 2019, GEF has actively supported management on accomplishing key value creation milestones. During 2020, Unicoba had an important improvement regarding the implementation of its ESG Action Plan.



Implementation of ESG Action Plan



Regarding the Social aspect, in 2020 Unicoba finished the implementation of its Human Resource guidebook, which is currently available for its employees. Moreover, the Company has been putting in place mechanisms to guarantee salaries in line with (or above) the market.

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

employment of disadvantaged professionals. The Company has also instituted dedicated compliance and auditing functions, which are supervised by a Compliance Committee formed by two independent members.

Moreover, Unicoba's recently concluded Environmental and Social Management System (ESMS) is robust and is overseen by specialists in the Extrema and Manaus production sites. The Company has been considering fulfilling Manaus Plant's energy demand from the "free market" (i.e., renewable sources), as well as to obtain the ISO14000 certification.

Business highlights

In 2020, Unicoba formed a dedicated ESG/ Sustainability team which convenes on a monthly basis to discuss ESG action plan implementation and to report on key Impact KPIs.

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

The Company has taken actions to reduce the use of energy on its production sites, as well as to increase recycling rates and reduce waste generation.

Unicoba is working to increase the participation of women in the staff, especially, in management positions.

ESG KPI	Unit	2019	2020
Energy Consumption	MWh	3,007	2,726
Water conserved	m ³	5,436	7,644
Materials Consumption	# paper sheet	657,000	293,711
Waste Reduced	Kg	203,971	212,563
Staff ¹	#	493	503
Turnover	Annual Avg	1,8%	1,7%
Diversity of Workforce Social	% of Female on tota	52%	52%
Diversity of Workforce Social	% of Female in Mgmt. Position	N/A	22%

1. As of 31 Dec 2020

ENC Energy

Company information



ENC Brasil (ENC) is a leading waste-to-energy solutions provider and owner of landfill gas-to-energy (“LFGTE”) plants, which currently operates 30MW. Besides enabling the reduction of fossil energy in the Brazil’s energy matrix, ENC’s solution is more efficient and reliable than other renewable sources. It can achieve levels of energy efficiency up to 4 times higher than Solar Photovoltaic (PV), while contributing to a substantial reduction in methane emissions, which is 25 to 30 times more powerful than CO₂ as a heat trapping gas.

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

Besides the positive environmental outcomes, ENC Brasil business model contributes directly to socio-economic growth. The company distributes energy to SMEs¹, allowing for a reduction of up to 20% in energy costs and higher disposable income to clients.

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

¹ Small and medium-sized enterprises

Headquarters:
Jundiaí, Brazil

Initial investment:
February 2018

Industry theme:
Renewable Energy

Investment theme:
Growth Equity

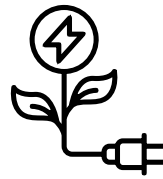


Alignment with





The company was founded in Brazil in 2012 as a subsidiary of ENC Portugal, a specialist in waste-to-energy generation in Europe, with a long history of success in several countries.

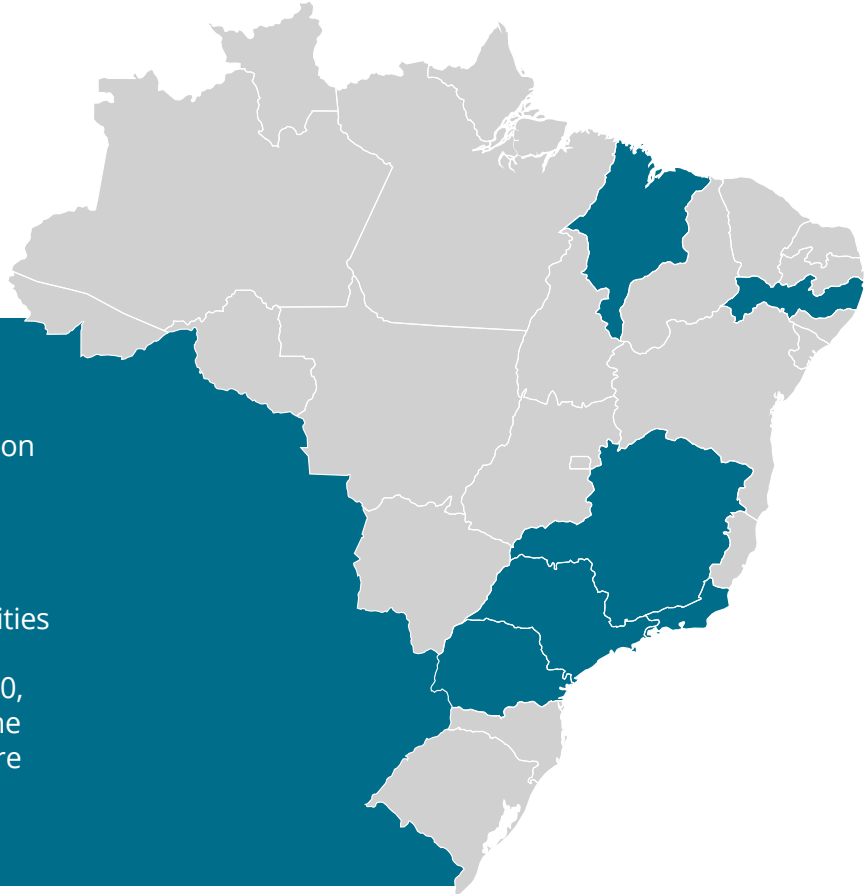


ENC is a leading provider of waste-to-energy solutions and owner/operator of landfill gas-to-energy plants (“LFGTE”).



ENC is uniquely positioned in the nascent LFGTE sector, with a robust pipeline of new plants to be developed.

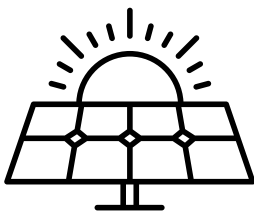




ENC owns landfill biogas generation plants in six states: Maranhão, Pernambuco, Rio de Janeiro, São Paulo, Minas Gerais and Paraná.

ENC has been expanding its activities to new geographies, aiming at capturing additional value. In 2020, four additional biogas plants in the distributed generation model were commissioned in different states.

Key differentials



■ Base load power, which translates into a more efficient source

■ Integrated LFGTE platform with top-notch expertise on Operation & Maintenance services

■ Contribution to climate change mitigation by capturing methane gas emissions



TrueValue strategy

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

ENC’s waste-to-energy solution converts methane, one of the most potent greenhouse gases, into energy, which is sold in the distributed energy system, primarily to SMEs and large energy consumers through Power Purchase Agreement (PPA) contracts. It is estimated that methane is 25-30 times more potent than CO₂ as a heat-trapping gas.

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

ENVIRONMENTAL

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

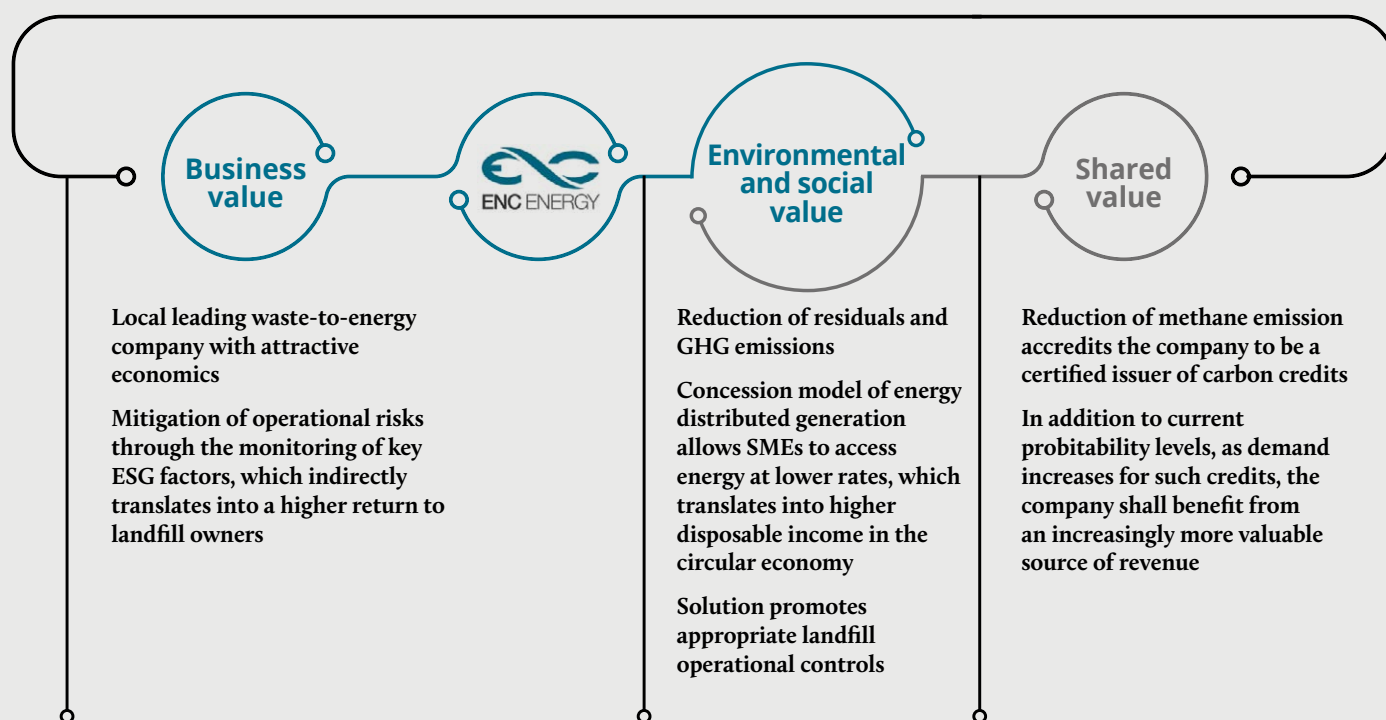
SOCIAL – introduction

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

GOVERNANCE –

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

As a result of its core activity related to GHG reduction and the ongoing structuring of its operational processes, ENC is well-positioned to become a certified carbon credit issuer.



Market specialists have been assisting the company in the process to become accredited to issue carbon credit. First batch of credits is expected to be issued in Q3 2021.

Impact Creation

2020 Highlights

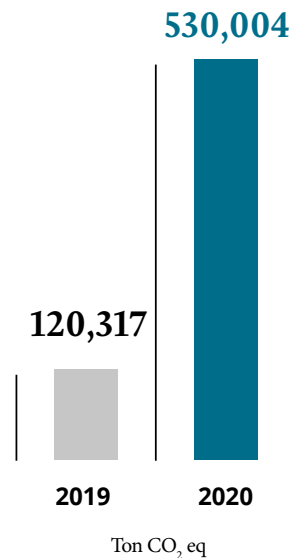
Reduction in methane emissions



Activities	Outcome
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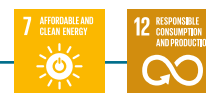
Core activity based on the capture of harmful greenhouse gases from waste landfills and conversion into electricity. As a result, less methane is released into the atmosphere.

Reduction in methane emissions resulted from the core business activity – methane captured at landfills sites – from 120 K tons CO₂ eq in 2019 to 530 K tons CO₂ eq in 2020.

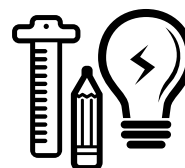


In 2021, this number is expected to reach approximately 800 K tons of CO₂ with current operating plants.

Deployment of efficient source of energy



Activities	Outcome
Differently from other intermittent sources (e.g. solar, wind, which generate energy at 20-40% of the time), ENC's technology operates consistently throughout the day, except during scheduled maintenance services.	Among the renewable sources with the lowest generation cost per kWh due to its regular energy production.



Higher disposable income to SMEs:



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



Other company-specific KPIs

KPI	Unit	2019	2020	Relation with SDG targets
Refugees/Immigrants among workforce	#	2	3	10.7 8.1
Reduction in GHG emission resulted from the business' core activity ³	Ton CO ₂ eq	120,318	530,004	13.1
Substitution in energy consumption resulted from the business' core activity ⁴	MWh	25,085	112,862	7.2 7.3

3. Methane captured in the landfills + substitution of thermal energy by the clean energy produced by ENC - conversion

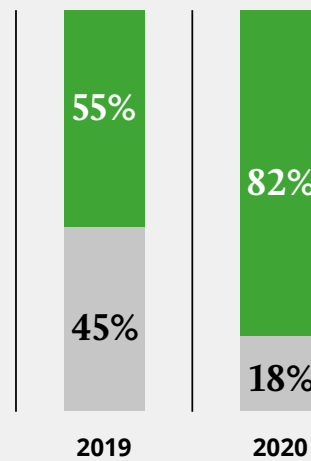
4. How much energy has the company generated, which translates into less energy required from other more polluting sources - as per the carbon credit guideline

ESG performance

ESG Action Plan progress

Implementation of the ESG action plan certainly gained traction in 2020. The company has achieved important milestones, including the introduction of robust procurement policies and processes and introduction of an ESMS, ENC has kickstarted the process to become a B-Corporation, and the outcome is expected by 3Q21.

Implementation of ESG Action Plan



■ Unrealized ■ Completed or In Progress



Business highlights

In 2020, new plants were acquired or commissioned, resulting in additional 22MW in operation, which translates into KPIs higher than registered in 2019.

As a result of this growth, the Company has created more jobs, and spent more resources on training to collaborators. Increase in number of staff is accompanied by lower turnover, which is explained by the company's effort

KPI	Unit	2019	2020
Energy consumed by the business	MWh	254	7,097
Staff ⁵	#	29	35
Staff Turnover	Annual Avg	12.4%	7.3%
Training expenditure/employee	R\$/employee	4,431	5,516
Hours of training/employee	Hours/employee	66	437

5. As of 31 Dec 2020



Luminae

Company information



Luminae is a vertically integrated energy efficiency company that delivers LED lighting solutions. Since 2008, the Company has consolidated itself as a reference in energy efficiency in Latin America. Today Luminae is considered the largest professional lighting company in Brazil, with absolute leadership in the retail segment, in addition to a strong presence in the pharmaceutical, education, industry and logistics sectors.

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

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

Headquarters:
São Paulo, Brazil

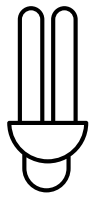
Initial investment:
May 2017

Industry theme:
Energy & Industrial Efficiency

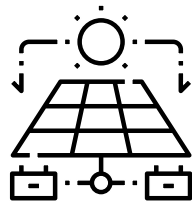
Investment theme:
Growth Equity

Alignment with

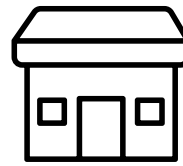




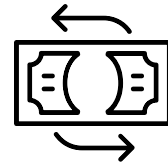
Luminae was founded in 2008 to offer lighting solutions focused primarily on commercial and industrial (B2B) sectors in Brazil.



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

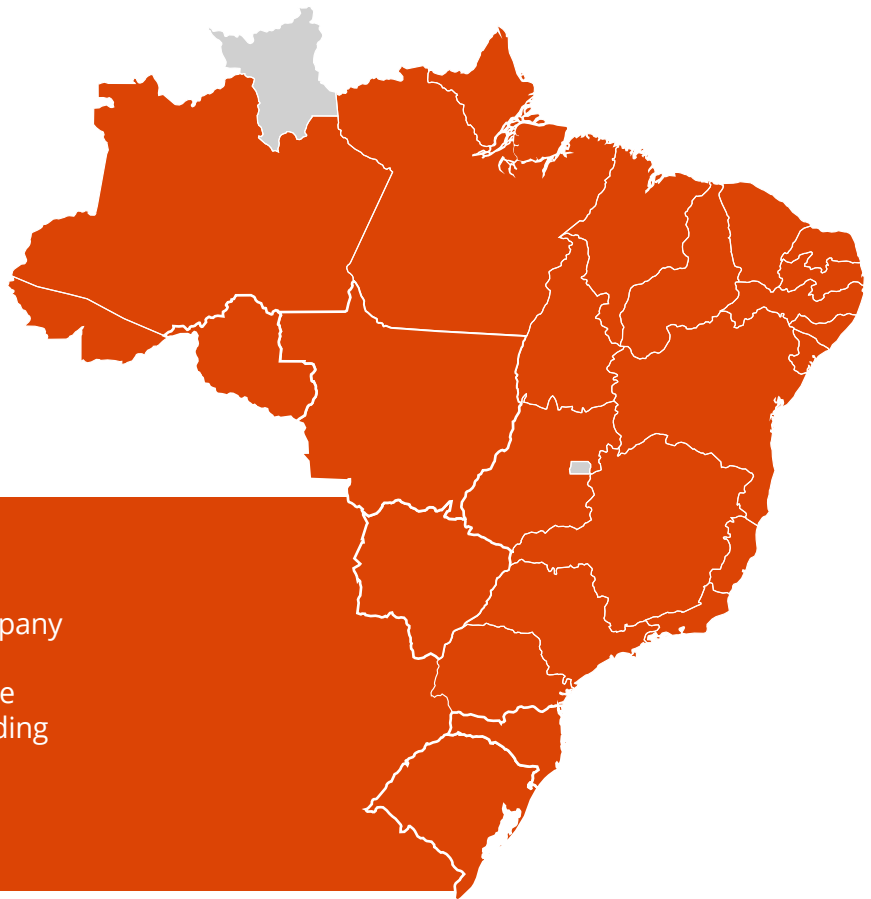


Luminae has a strong track record and reputation in the supermarket (food retail) sector where it serves 85 of the top 100 food retails chains in Brazil, with projects delivered to over 3000 stores in more than 26 states.



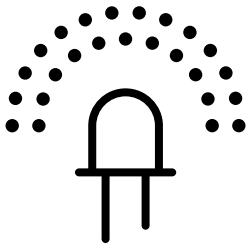
Average project payback between 10-24 months – clients can pay Luminae with the energy savings during the payback term.





Largest professional lighting company in the country, with a portfolio of 600 clients. In early 2020, Luminae acquired control of Newatt, a leading player in Energy Monitoring and Management.

Key differentials



■ Luminae is a vertically integrated, one-stop shop B2B lighting and energy efficiency solutions provider with state-of-the-art production facility

■ The Company offers a customized project that will improve the client's overall lighting quality and efficiency and to ease the CAPEX needed, Luminae offers its own financing solution to fund the project implementation

COVID- 19 Response

With the pandemic, Luminae took strategic actions, focusing on the health and safety of employees:

- Internal communication strategy was developed with prevention guidelines against COVID-19, including a health and prevention manual.
- Prevention kits for internal and external staffs.
- Implementation of disposals of alcohol-based hand sanitizer and temperature measurement.
- Following a momentary reduction in demand for lighting systems, the company adapted part of the production site to accommodate the manufacturing of face masks. Since April/2020 Luminae has donated over 150 thousand masks.

TrueValue strategy

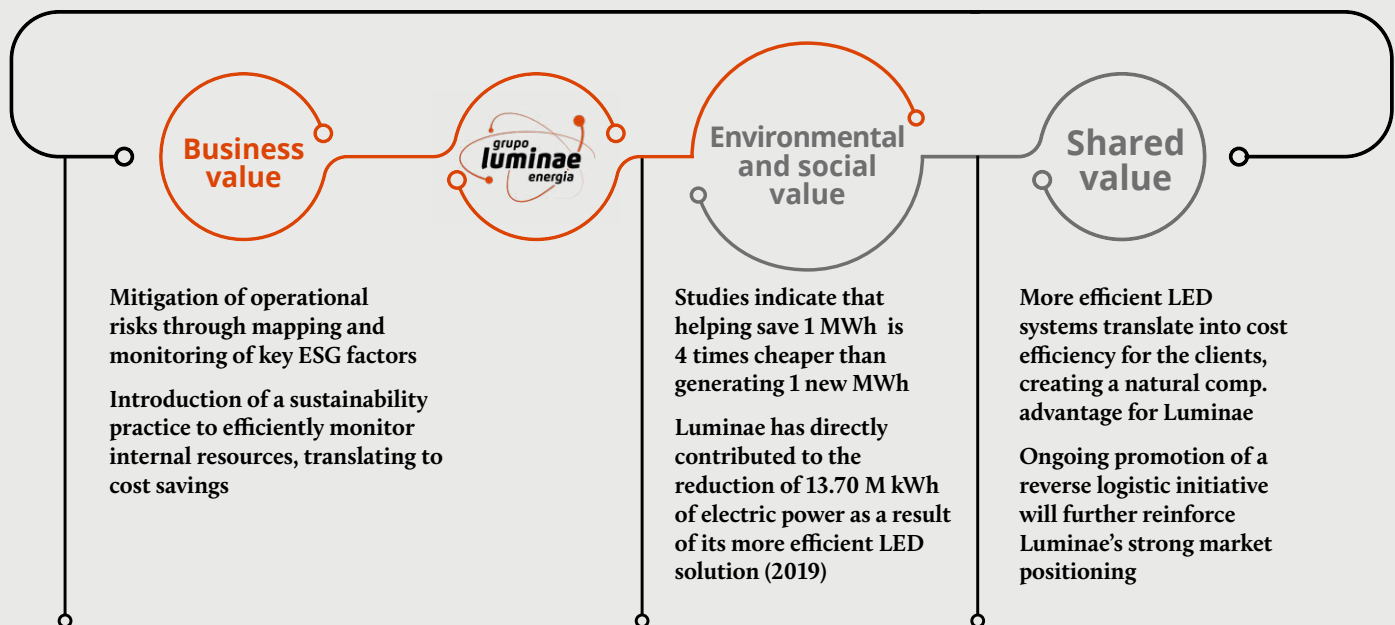
Luminae’s business model drives a reduction in energy consumption, which translates to cost savings for clients

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

- ENVIRONMENTAL**
 – mapping of relevant risks and introduction of policies around the sustainable use of resources
- SOCIAL** – introduction of the HR guidebook, training schedule, performance KPIs, and relevant provisions in the Code of Ethics, etc.
- GOVERNANCE** – formalization of a board mandate, introduction of a Code of Ethics, and compliance function to monitor all processes

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

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



Strategy under implementation

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

Luminae is about to partner up with a third- party firm that will offer residual collecting services, minimizing direct or indirect adverse impact from Luminae’s sales process.

Impact Creation

2020 Highlights

Lighting efficiency



Activities	Outcome
------------	---------

The Company has developed a proprietary technology supported by the world's most efficient LED system, which offers up to 80% in savings compared to conventional alternatives.

In 2020, Luminae's lighting efficiency projects have contributed to **reduce emission of 30,156 tons equivalent of CO₂**.

When considering the efficiency aggregated by the Monitoring & Intelligence division, additional 20% in savings can be achieved.



Furthermore, Luminae has recently launched a new business unit that offers PV solutions to clients.

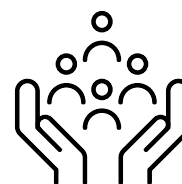
Increasing Diversity



Activities	Outcome
------------	---------

Luminae has engaged in several initiatives to contribute to the community, including the implementation of a refugee inclusion program and social programs for the inclusion of disabled people.

During 2020, Luminae **had 5 refugees** among its employees.



Other company-specific KPIs

KPI	Unit	2019	2020	Relation with SDG targets
Refugees/Immigrants Among workforce	#	N/A	5	8.1 10.7
Disabled Collaborators ⁶	#	3	3	8.1 10.7
Estimated reduction in GHG emission resulted from the business' core activity ⁷	Ton CO ₂ eq	9,072	7,796	13.1
Energy Efficiency Indicator⁸	MWh	12.80	11.00	7.3 12.2

6. As of 31 Dec 2020

7. Energy data (electricity reduction) converted into carbon dioxide-equivalent emissions according to the US Environmental Protection Agency calculator

8. Dominance in energy consumption for customers when using Luminae vs. Conventional lamps



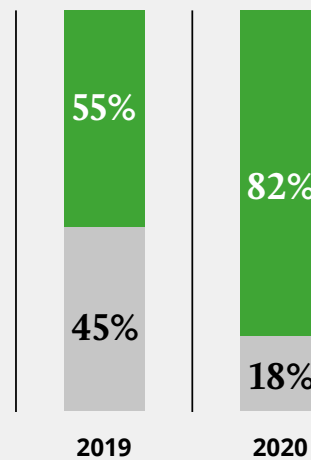
ESG performance

Action Plan progress

Since the initial investment in 2017, GEF has actively supported management in achieving important value creation milestones.

In 2020, Luminae finalized its Human Resource Guidebook, which has been introduced to collaborators through specific training modules. Luminae has also established a grievance for employees. With regards to best environmental practices, Luminae has introduced an internal recycling program, and has formalized the first steps towards obtaining the ISO 14000 certification.

Implementation of ESG Action Plan



■ Unrealized ■ Completed or In Progress



Business highlights

Starting in January 2020, Luminae has established targets aiming at reducing waste generation (e.g., 5% reduction of office waste disposal, 50% reduction in monthly use of disposable cups). The company introduced a solid waste management plan with specific training modules in January 2020.

In 2020, the Company introduced a robust prevention program with reinforcement of Individual Protection Equipment (PPE). With these actions, this indicator decreased by 40.9% in the second half of the year.

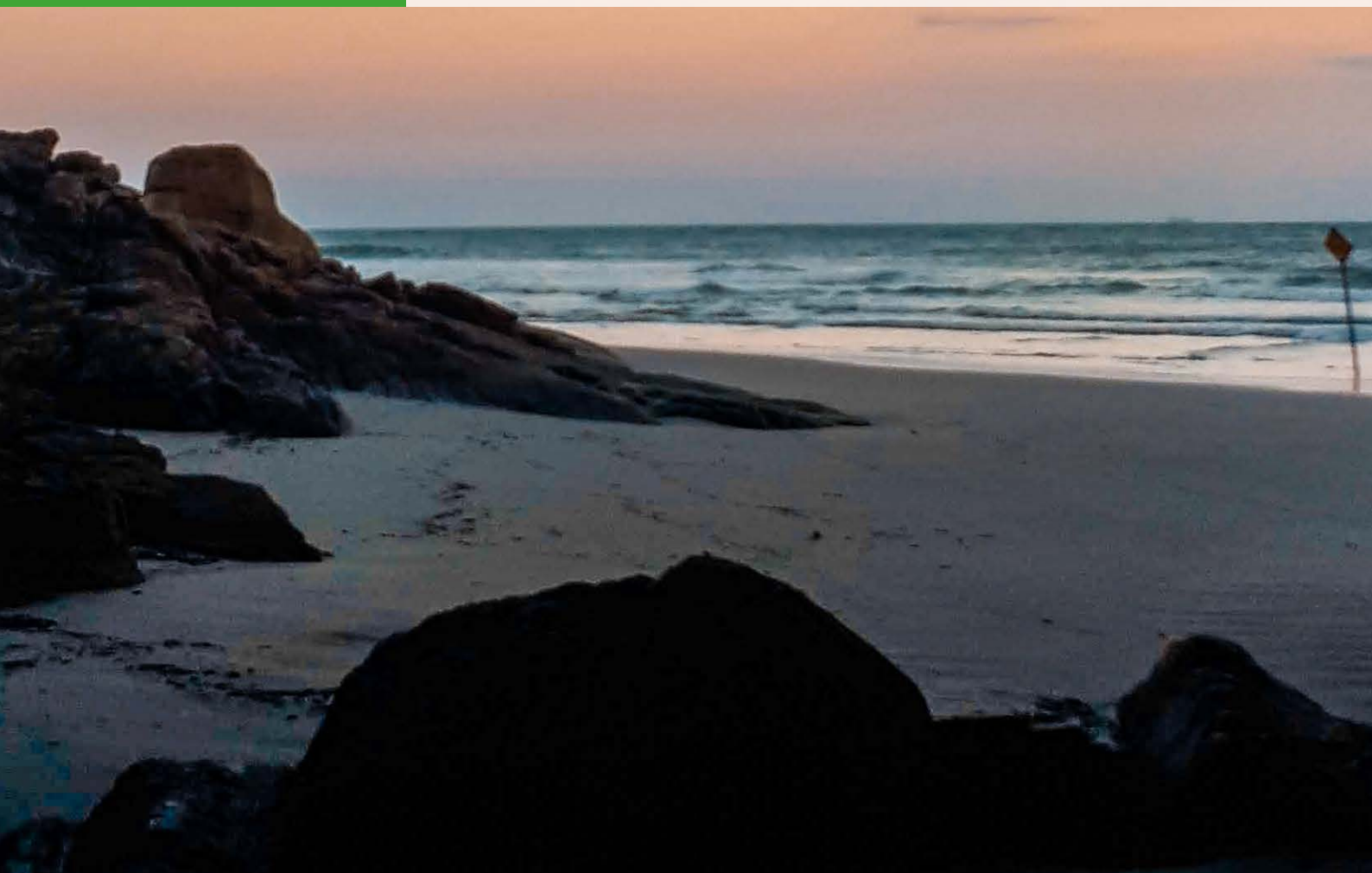
ESG KPI	Unit	2019	2020
Energy Consumption	MWh	1,002,314	908,983
Water Consumption	M3	250	199.7
Waste Generated	Kg	N/A	197,998
Staff ⁹	#	320	527
Turnover	Annual Avg	4.4	6.6
Accidents ¹⁰	#	1	7
Lost workday injury	Hour/employee	9.0h	4.5h

9. As of 31 Dec 2020

10. As of 31 Dec 2020



Exits



GEF seeks to invest in businesses that strive to achieve superior performance while contributing to create fundamentally positive environmental and social impact.

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

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

Tecverde

Company information



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

In partnership with Brasil ao Cubo, Tecverde actively participated in the construction of 6 permanent hospitals that contributed to add 573 beds for COVID-19 treatment. Construction took on average, 33 days for each hospital, which was determinant to increase efforts to assist people in different regions.

Alignment with



Headquarters:
Curitiba, Brazil

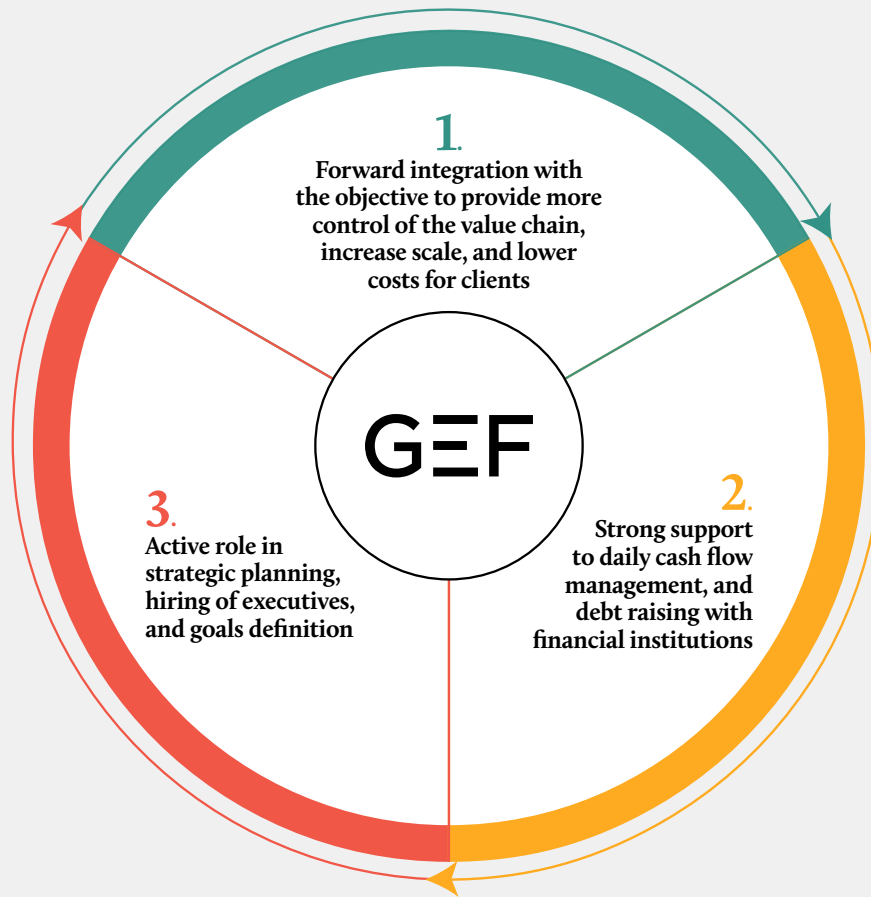
Initial investment:
December 2015

Exit date:
February 2020

Industry theme:
Green and energy efficient construction

Investment theme:
Growth Equity

GEF's contribution and company development:



GEF's contribution – Value creation and Impact generation

Business value

Multiple publicly available studies have concluded that construction and advertising of sustainable houses translate into higher sales

The company has managed to substantially avoid waste and reduce CO₂ emissions. It has directly benefitted nearly 8,000 people

S&E values

ESG KPI	Unit	2020	SDG targets linked to KPI
CO ₂ avoided	tons	3,588	13.1 11.6
Waste avoided	tons	3,714	12.2 12.5
Water saved	M ³	984	6.3 6.4
Social impact	People benefitted	3,815	11.3

AGV Health/FMCG

Company information



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

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

Alignment with



Headquarters:
Vinhedo/Cajamar

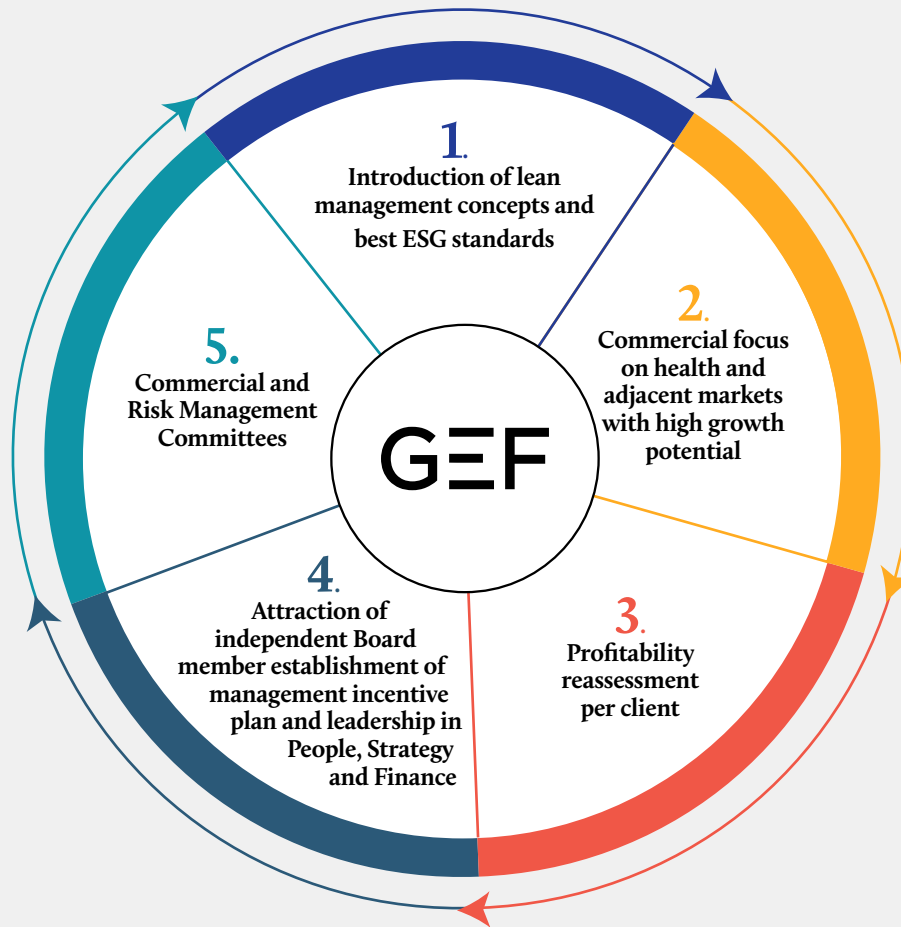
Initial investment:
May 2016

Exit date:
December 2019

Industry theme:
Health sector
logistics services

Investment theme:
Growth Equity/Acquisition

GEF's contribution and company development:



GEF's contribution - Value creation and Impact generation

Business value

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

S&E values

The less than truckload (LTL) to full truckload (FTL) freight consolidation nationwide removes trucks from the roads and together with an efficient fleet management, which follows strict norms of temperature and safety, reduces CO₂ emissions



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