



GEF

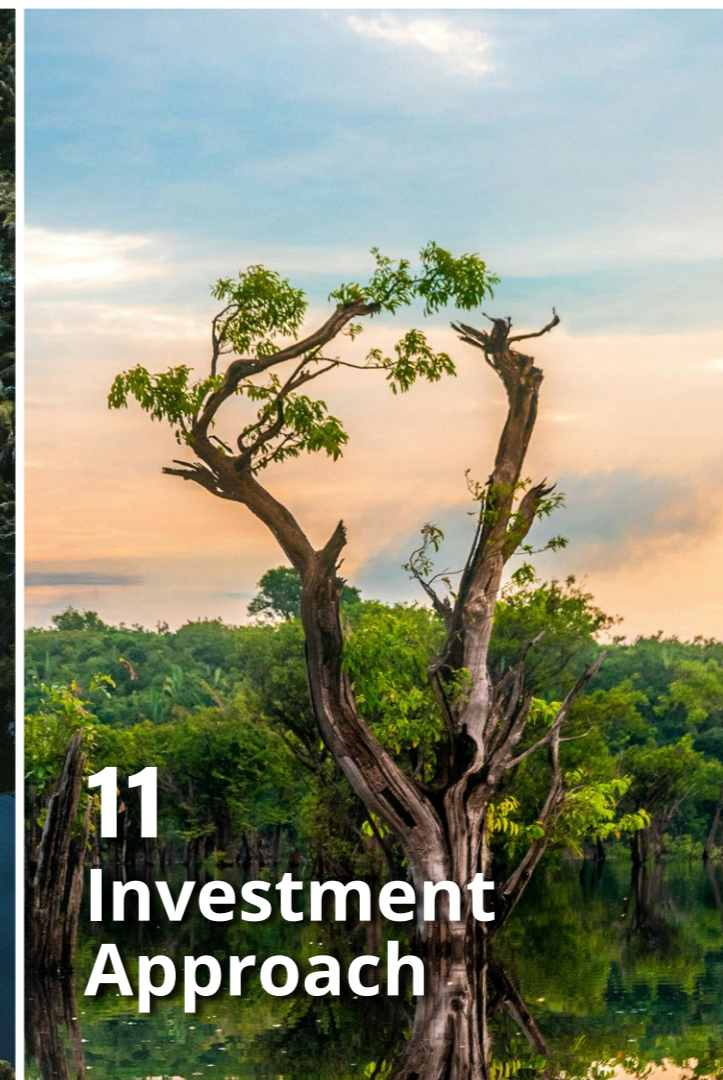
CAPITAL
PARTNERS
LATAM

Annual Impact
Report

2023



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2023
HIGHLIGHTS

2023 Highlights

The year 2023 marked significant achievements for GEF Latam. In August, we held our final closing for approximately US\$ 204 million of the new Fund and made two new investments. The success of this fundraising underscores GEF's success in seeking to deliver financial returns while promoting positive environmental and social impacts.

Currently, the Fund portfolio consists of four companies: Automa, HCC Energia Solar, LAR Plásticos, and GR Water Solutions. All of which are dedicated to creating and developing solutions for the challenges the world is facing amidst climate change.

In this Annual Report, we will detail the essence of GEF's work as well as the activities and progress of our portfolio companies during 2023.

Enjoy the reading!

GEF Capital Partners

US\$ 1.54 bn
GEF Capital Partners Regulatory Assets Under Management

US\$ 204 mm
New Fund total commitment

16 people
compose
GEF Latam team

50% of the
GEF Latam team is comprised
of women

Portfolio Companies

45.32 tCO₂
emitted for every US\$1 invested¹

1,146 people
are part of the workforce

44,379 tCO₂
emissions avoided by
the companies' business

29% of woman
in leadership positions

1. Calculation based on the methodology developed by the Partnership for Carbon Accounting Financials (PCAF). Equivalent to 219.36 tCO₂ for every R\$1.00 invested.



MESSAGE
FROM THE
LATAM TEAM

Message from the Latam Team

Dear Stakeholders,

We are pleased to share our latest Impact & ESG Report, embodying our relentless pursuit of a greener, more sustainable world. At GEF Capital Latam, we are not just investors; we are catalysts for change, dedicated to nurturing companies that tackle the pressing challenges of climate change and pollution head-on. Our mission remains unwavering: to accelerate the transition towards a future where environmental responsibility and financial prosperity go hand in hand.

This year has been marked by extraordinary growth for both our firm and the GEF Latam amplifying the impact of GEF Capital and its portfolio companies. Globally, GEF Capital now manages US\$1.54 billion in Regulatory Assets under Management (“RAUM”) as of December 31, 2023. Our new Fund has reached a significant milestone, reaching a total investment commitment of US\$ 204 million. With two new investments and two new team members, we have increased our capacity to drive meaningful change.

We firmly believe that at GEF Capital Latam, we are not merely building an investment portfolio; we are actively shaping a more sustainable and resilient future. Our investments serve as catalysts, empowering portfolio companies to expand their reach, adopt best practices, and drive meaningful change. We integrate ESG principles seamlessly into every step of our investment cycle, recognizing that businesses committed to sustainability and ethical standards are the true drivers of long-term success and value creation.

The report showcases GEF Latam's alignment with the United Nations Sustainable Development Goals, highlighting portfolio-led initiatives in climate action, energy efficiency, and social responsibility. We transparently disclose Scope 1 & Scope 2 Greenhouse Gas emissions of portfolio companies, in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our commitment to the United Nations Principles for Responsible Investment (PRI) is demonstrated through our comprehensive integration of impact and ESG factors into investment strategies.

Furthermore, we strongly believe in collaboration among all stakeholders in our chain and continuously strive to strengthen relationships within our industry. We aim to share our practices and learn from their experiences through events and meetings.

As we navigate the dynamic landscape of climate-focused investing, we remain solid in our commitment to transparency, accountability, and continuous improvement. We extend our deepest gratitude to our partners, investors, and stakeholders for their unwavering support as we continue on this journey towards a brighter, more sustainable future.

Thanks for helping GEF Capital Latam to be every day better!





GEF CAPITAL
PARTNERS
LATAM

About us

GEF Capital Partners Latam is a private equity fund manager aimed at investing in companies capable of addressing challenges related to climate change and promoting positive social impact. The organization was established in 2018 following a collaborative spinout from the Global Environment Fund, a global pioneer in sustainability and investment with a focus on environmental themes in both emerging markets and the United States.

In addition to leveraging the accumulated expertise and knowledge of the global team, GEF boasts a local team comprising professionals with diverse and complementary skills. This team works to support the entire investment cycle, from fundraising to portfolio company exits, fostering a continuous effort to build close and collaborative relationships aimed at generating value for all stakeholders.



Brazil
São Paulo, SP



United States
Arlington, VA



Índia
Mumbai, MH

Our Portfolio

Presence in Brazil



Solar energy generation and strong franchise business model

Investment Date: June, 2022
Santa Maria, RS



Technological solutions for electric utility sector

Investment Date: August, 2022
Jundiaí, SP



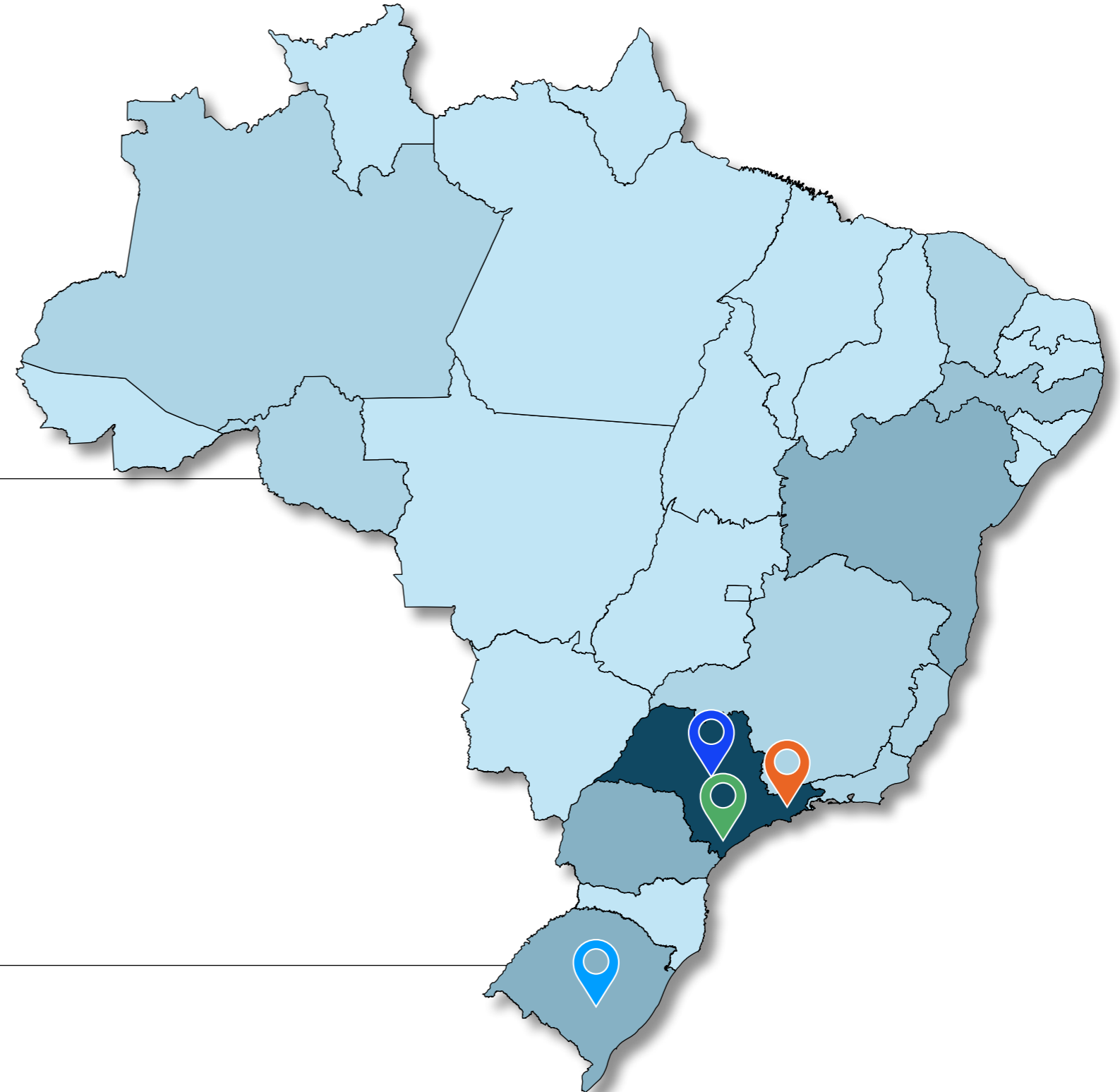
Recycling and transformation of plastic waste

Investment Date: June, 2023
Atibaia, SP



Solutions for water and wastewater treatment

Investment Date: December, 2023
Cruzeiro, SP



ESG Milestones

2020

- GEF Latam becomes a B Corporation certified company
- GEF Latam becomes the first Brazilian signatory of the Operating Principles

2021

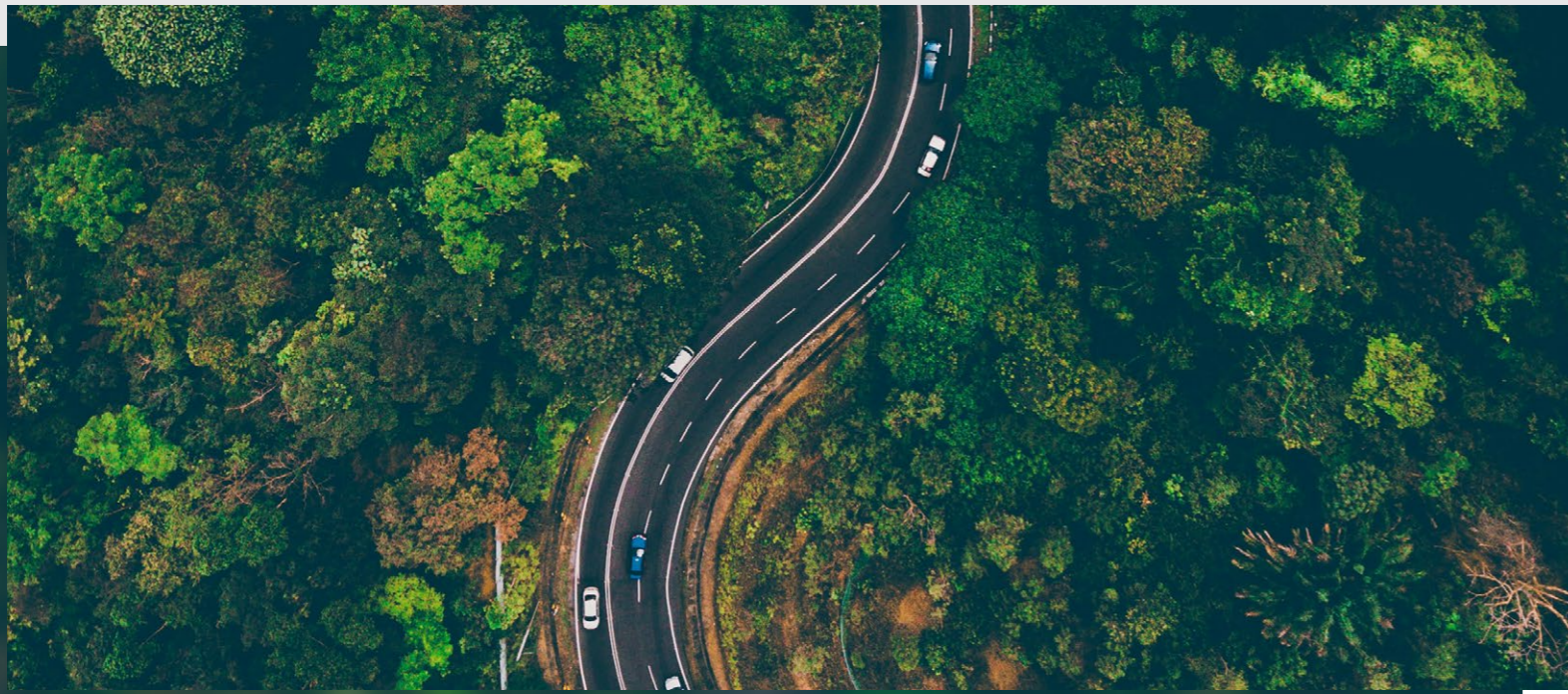
- GEF Capital Partners becomes a signatory of the Principles for Responsible Investment (PRI)
- GEF Capital becomes signatory of the Task Force on Climate-Related Financial Disclosures (TCFD)

2022

- GEF Latam joins the Investors for Climate (IPC) initiative

2023

- GEF team attends COP28 UN Climate Change Conference.
- GEF supports and participates in ABVCAP's Sustainable Investments Forum.
- GEF Latam supports and participates in the Brazil Climate Summit in New York.
- GEF Latam Founding Partner, Anibal Wadih, elected to Investors for Climate Initiative (IPC) advisory board.
- GEF Latam organizes GEF Day, bringing together all portfolio companies.
- GEF Latam first Annual General Meetings with locals and global investor attendance.
- GEF Latam recertified by Great Place To Work® (GPTW).
- GEF Latam supports Coopera Esportes, an NGO aiding young athletes, with team members volunteering and internal match funding.
- GEF Latam organizes Intergestoras with MeshMe, a sports event for Private Equity and Venture Capital industry.





INVESTMENT APPROACH

Investment Thesis

GEF Capital Partners Latam identifies three major challenges facing humanity today: climate change, population growth and aging, and urbanization. Consequently, there is a growing need to establish clean energy sources, optimize natural resource use and food production, and develop alternatives for climate adaptation.

In response to these pressing challenges, GEF directs its focus towards companies adept at understanding these multifaceted demands and proposing innovative solutions to mitigate the identified risks. These risks are compounded by additional factors such as biodiversity loss, water scarcity, and escalating environmental catastrophes. GEF's investment strategy pivots around three main sectors: energy; urban solutions; and food and agriculture.

GEF Capital firmly believes that contributing to a more sustainable planet and a more resilient future means building more than just an investment portfolio. The investments serve as a catalyst for portfolio companies to expand their customer bases, professionalize and integrate their best practices, and promote solutions to achieve greater energy efficiency and significant greenhouse gas emissions reductions.

Underlying this effort is the seamless integration of ESG principles into investment decisions and operations. GEF Capital Partners Latam believes that businesses focusing on environmental sustainability solutions have a much stronger foundation for growth and value creation for all stakeholders when they adopt material ESG criteria

ESG & Impact

We have expertise in ESG integration and approach this perspective to support companies in adopting best practices and optimizing resources.

Capital Efficient

We find capital allocation solutions to stimulate the maximum development of all areas of the company.

Growth

We identify macroeconomic and regulatory trends that favor a growth dynamic superior to that of the market.

Value

We look for specialized institutions whose businesses or assets have great potential for market appreciation

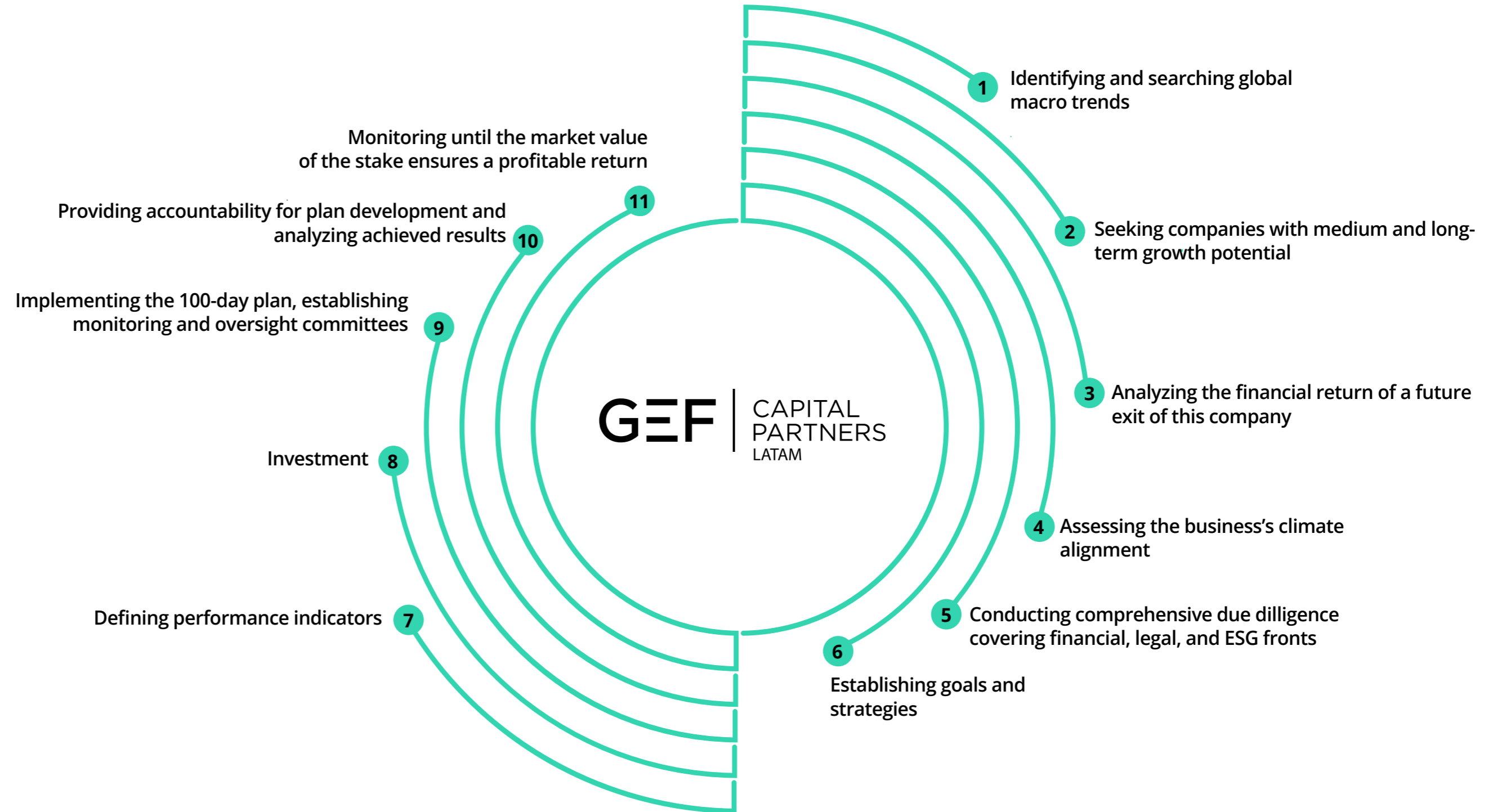
Operational Improvement

We find opportunities and offer a partnership to boost operational performance, and thus bring more value to the investee.



Investment Cycle

GEF's mission is to cultivate value collaboratively within its portfolio. To achieve this, we harness a bespoke methodology, weaving together ESG integration and impact analysis seamlessly throughout the investment journey.

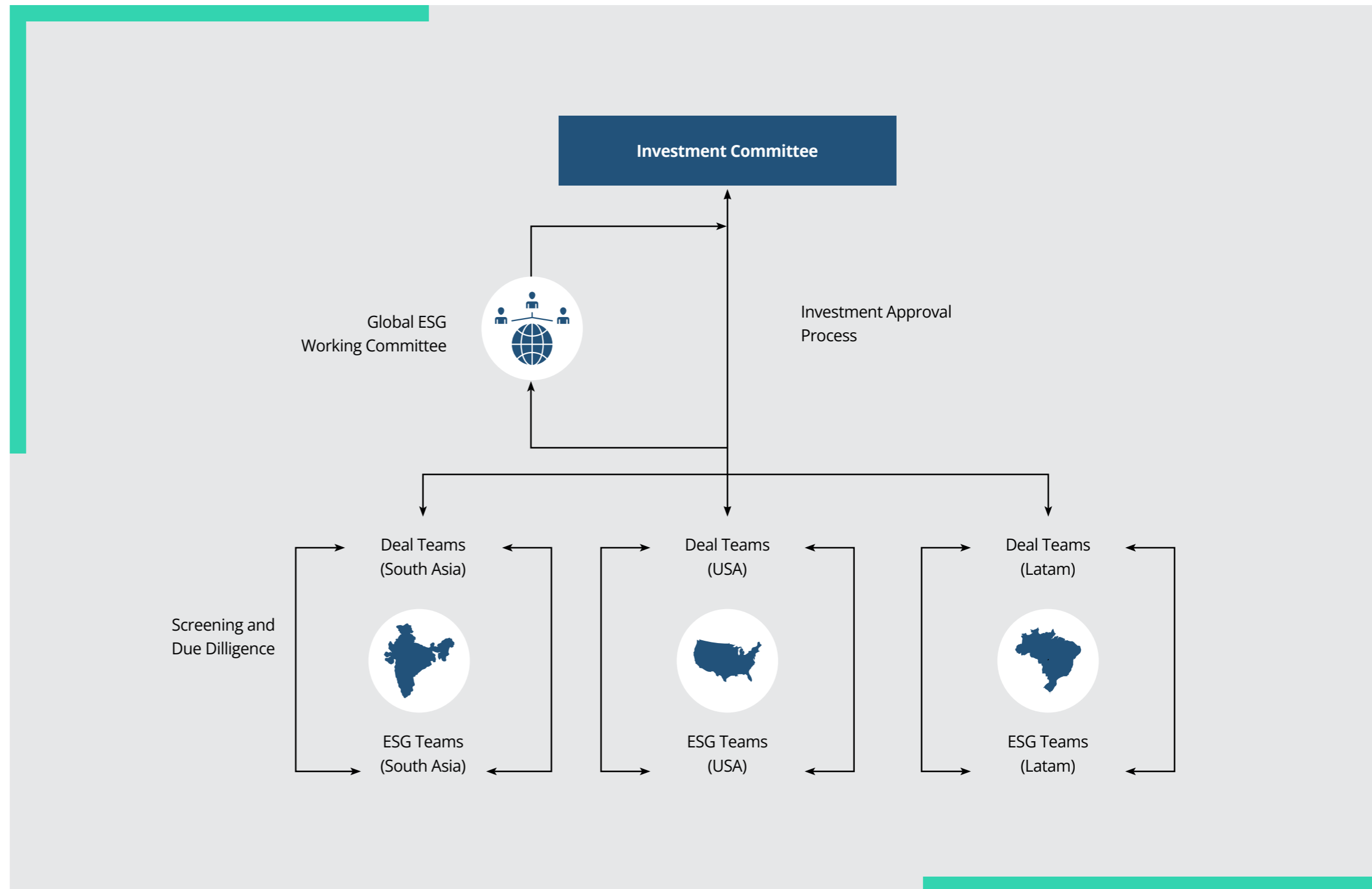


1. Origination

The investment team seeks potential businesses aligned with climate transition, meaning they fundamentally contribute to reducing GHG emissions or addressing the impacts we face due to climate change - adaptation thesis.

The ESG Officer collaborates with the investment team in analyzing the climate alignment of potential investments - as well as assessing the environmental and social risk category. Companies involved in activities with high negative potential on the environment and society are excluded, as well as those in sensitive areas such as near water bodies or protected areas.

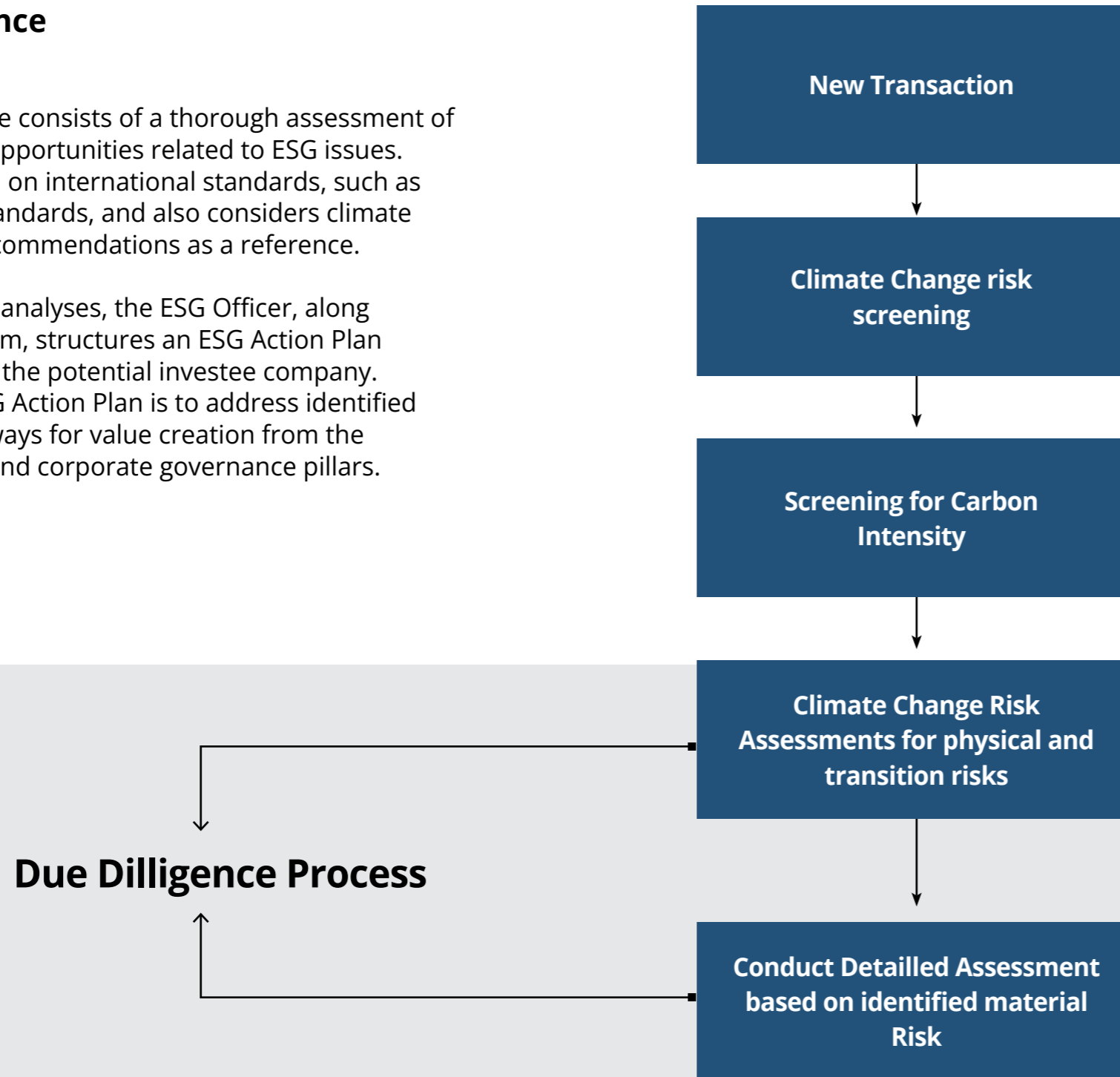
If the company is deemed eligible for investment, an impact analysis is then conducted based on the five impact dimensions of the Impact Management Project (IMP) and alignment with the SDGs. Following this process, the investment must undergo approval from the local and global Investment Committee.



Due Dilligence

The due dilligence phase consists of a thorough assessment of risk management and opportunities related to ESG issues. This evaluation is based on international standards, such as the IFC Performance Standards, and also considers climate change - using TCFD recommendations as a reference.

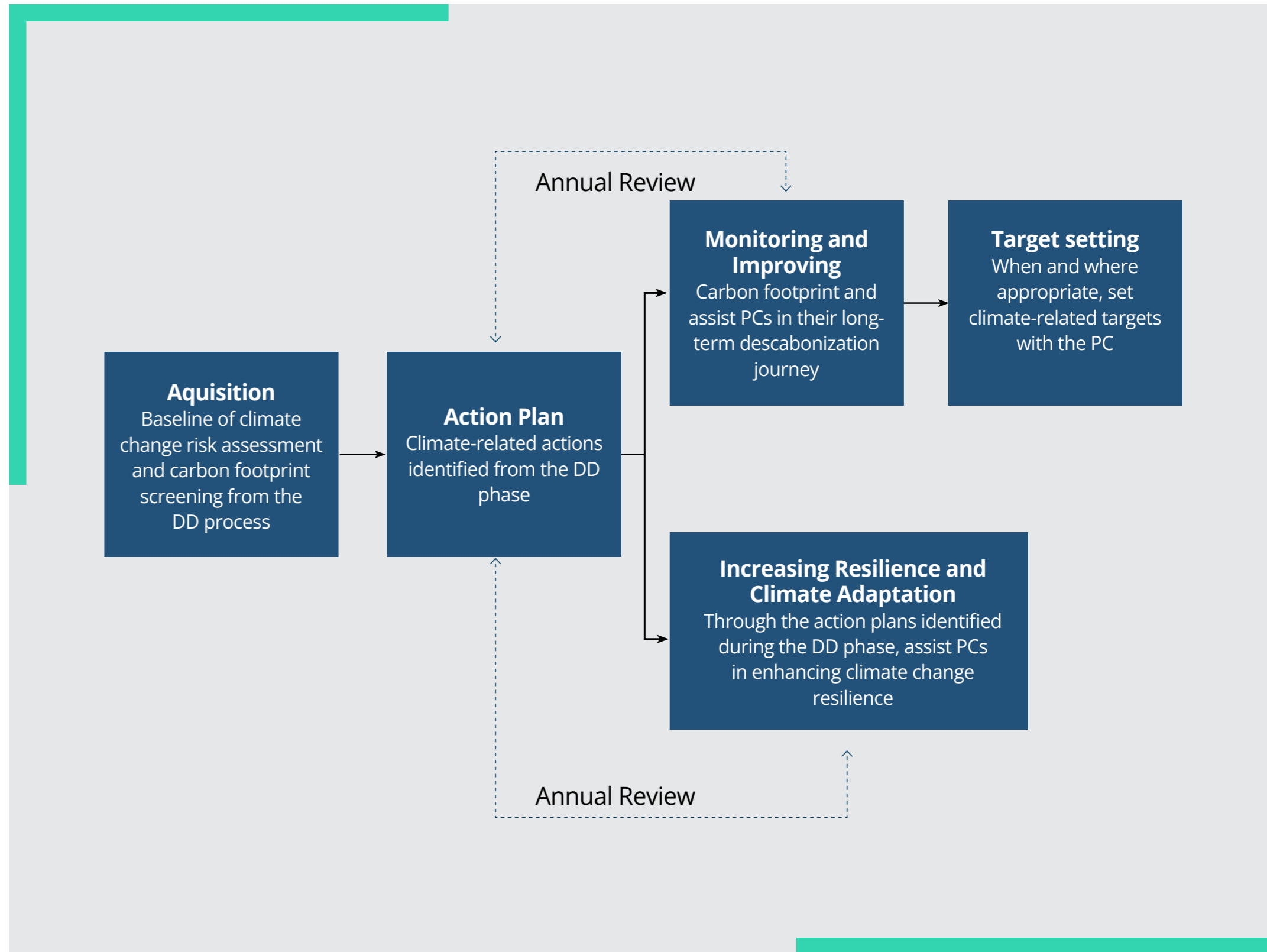
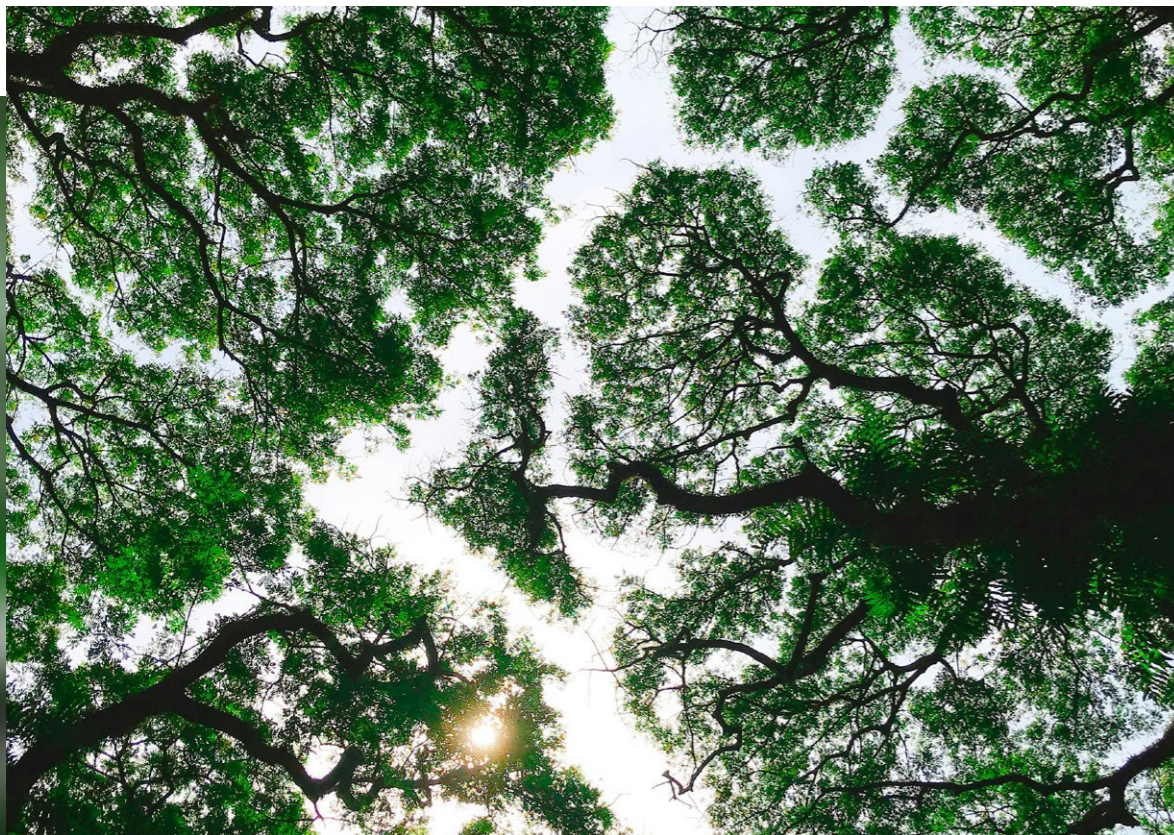
Based on both of these analyses, the ESG Officer, along with the investment team, structures an ESG Action Plan to be agreed upon with the potential investee company. The objective of the ESG Action Plan is to address identified gaps and explore pathways for value creation from the environmental, social, and corporate governance pillars.



Monitoring and Shared Value

This third phase begins after the completion of the investment and marks the beginning of a new relationship with the portfolio company (PC) that extends throughout the monitoring cycle.

The GEF team establishes committees to conduct meetings and oversee the implementation of the ESG Action Plan. Additionally, we monitor the ESG performance of our investments through ESG indicators and impact metrics. This enables assessment, discussion, and enhancement of the strategy and shared values for each portfolio company.



An aerial photograph of a coastline. The ocean is a deep blue, with white foam from waves crashing onto a dark, pebbly beach. To the left of the beach is a dense, green forest. Further left, a large, semi-transparent circular graphic is overlaid, containing a lighter, more detailed aerial view of a coastline with a sandy beach and a forested area. The text 'PORTFOLIO COMPANIES' is overlaid on the left side of the image, within the semi-transparent circle.

PORTFOLIO
COMPANIES



HCC Energia Solar embarked on its journey in 2005 in Rio Grande do Sul, initially focusing on engineering solutions for the energy sector, particularly through the “Luz para Todos” initiative supported by the federal government. Recognizing the potential of the solar energy market, the company shifted its focus in 2014 to this industry. By 2019, it adopted the franchise model, expanding its reach and exploring new opportunities.

In June 2022, GEF Capital Partners Latam and the investment group SMZTO, the largest local investor in franchising, joined forces, acquiring a significant stake in HCC. This partnership not only brought fresh perspectives but also strengthened the company’s leadership. GEF contributes expertise in sustainability and energy, while SMZTO provides valuable insights into the franchise model. Together, they aim to propel the company towards greater success.

HCC Energia Solar supports its franchisees by providing extensive technical assistance, enabling them to undertake a variety of projects, from residential installations to commercial ventures in various sectors.

Despite the significant challenges faced by the sector in 2023, including credit shortages, reduced demand, and regulatory changes, the company surpassed its 2023 franchise target,

closing the year with nearly 200 units, exceeding the initial goal of 120.

In 2023, HCC completed the construction of two shared generation assets, the Barra do Quaraí and Itaqui plants, located in Rio Grande do Sul, with a total capacity of 10MW. These plants focus on the solar energy subscription market, representing a promising avenue for future growth and sustainability.

Additionally, in 2023, the company started the development of 30MW of shared generation plants, laying the groundwork for a positive trajectory into 2024.

Bets for the Future

Looking ahead five years, HCC envisions itself as a company capable of capturing retail market opportunities through franchises, while also leveraging its energy generation assets for subscriptions—providing a source of recurring cash flow. The company will prioritize innovative financing methods and the development of new products to cater to diverse customer profiles.

The evolution of storage technologies is a promising trend for the coming years, poised to drive renewable energy deployment worldwide.

Lastly, it’s essential to highlight the significant role that artificial intelligence (AI) will play in the sector in the coming years.

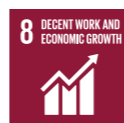
HCC believes that AI will become a major ally, particularly in sales, engineering and operations, enabling scalability and quality control in monitoring and maintenance services.

“Our subscription-based energy project was strengthened during 2023, through creative funding alternatives, such as utilizing tools from the crypto economy.”

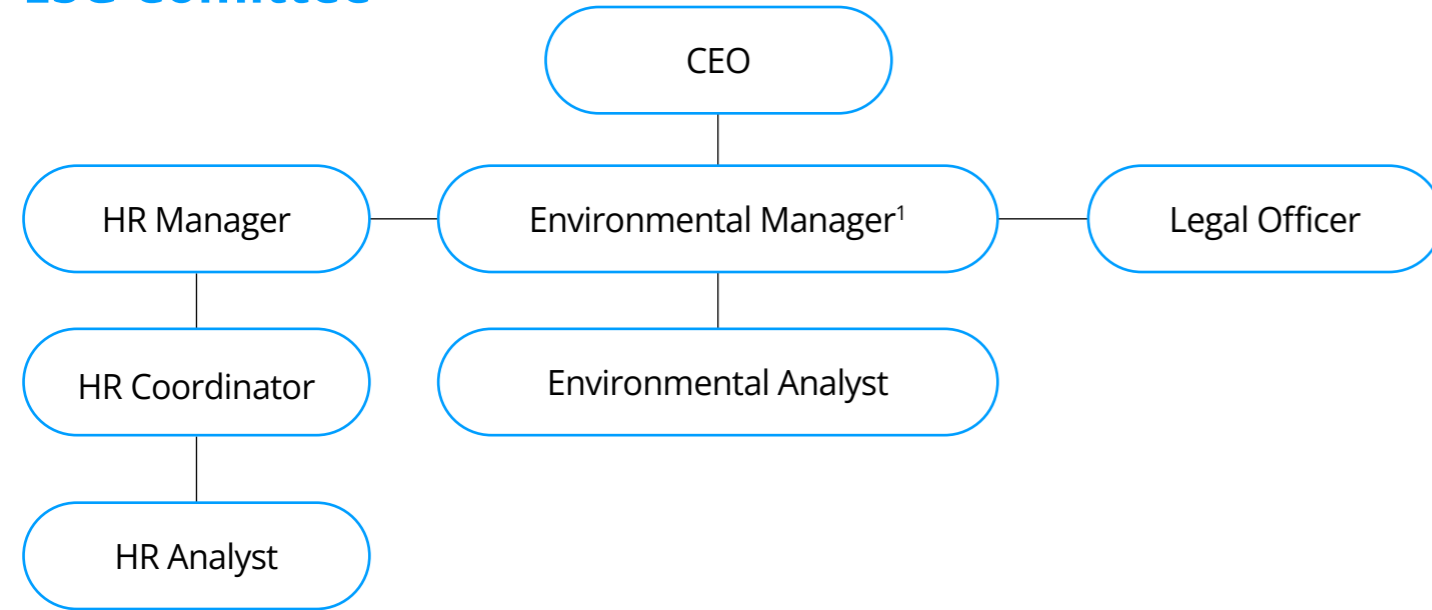
Luiz Alberto Wagner
CEO

Direct SDGs:

Indirect SDGs:

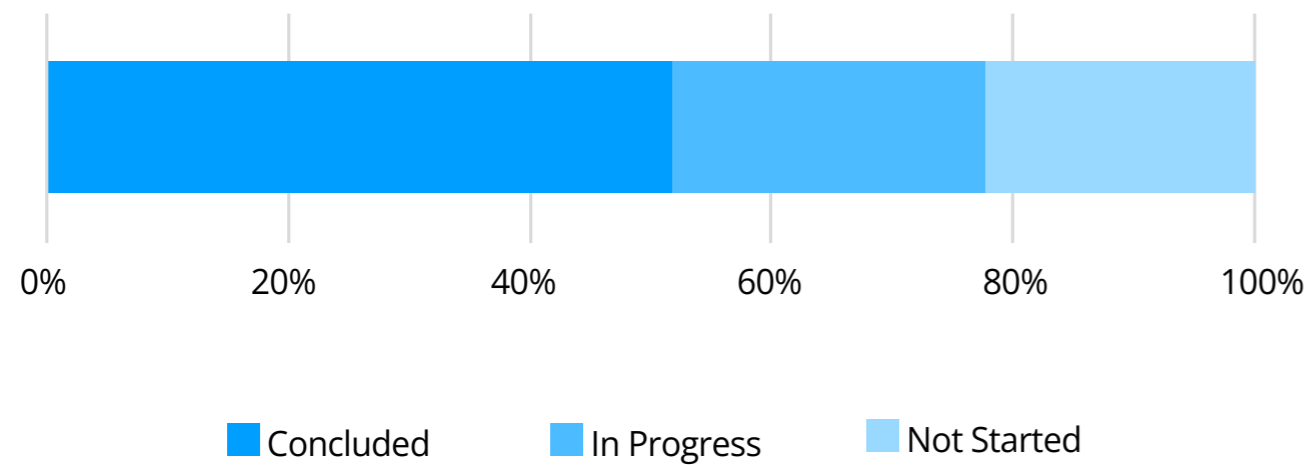


ESG Comittee



¹. ESG Committee Coordinator

ESG Action Plan



ESG Achievements

Development of a license expiration tracking spreadsheet

Implementation of a new Waste Management Plan, including Reverse Logistics

Launch of the first pilot of the Reverse Logistics project for photovoltaic panels

Monthly monitoring of avoided emissions and ESG indicators

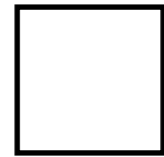
Acquisition of an HR platform for internal communication, training, performance evaluation, and feedback recording

An Organizational Climate Survey was conducted, with action plans defined for identified critical departments

Hiring of a new person responsible for legal and compliance tasks

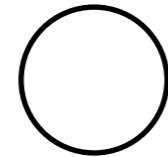


Impact Dimensions



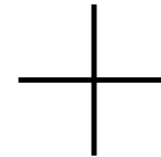
WHAT

HCC has been providing solar energy solutions for families, businesses, and agribusinesses in Brazil, aiming for savings and sustainability. Through customized photovoltaic systems, it can promote clients' energy independence and environmental impact reduction. With a network of franchises and distributed energy generation plants, the company aims to democratize access to solar energy and contribute to climate change mitigation.



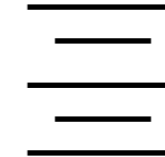
WHO

The company positively impacts the environment and society by promoting solar energy generation, reducing fossil fuel consumption, energy losses, and GHG emissions. This transition to a more sustainable energy matrix not only benefits the environment by decreasing GHG emissions but also promotes social inclusion, providing energy independence, and savings for customers.



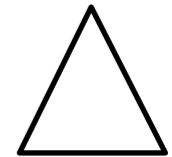
HOW MUCH

With solar plants totaling 174 MW capacity and nearly 200 franchises across 20 Brazilian states, it is estimated that, considering all photovoltaic panels installed by the company since 2016, the company has generated 287,059 MWh of energy, potentially contributing to a reduction of 12,142 tCO₂, compared to the emissions of the National Interconnected System, during 2023.



CONTRIBUTION

Among the factors that make HCC Energia Solar stand out in a highly competitive market with major players are its advanced technology, specialized knowledge, business intelligence, positioning, and investment in the training of both its teams and franchise network.



RISKS

HCC Solar Energy's expertise in engineering and operations minimizes the risk of its impacts not meeting expectations. However, external factors such as public policies and regulations in the energy sector may affect the impacts and results generated.

Environmental	2022	2023
Carbon emissions - Scope 1 (tCO ₂)	372.37	1,259.04
Carbon emissions - Scope 2 (tCO ₂)	3.89	3.85
Carbon emissions - Scope 3 (tCO ₂)	15.39	80.51
Carbon emissions - Scope 1 + 2 (tCO ₂)	376.26	1,262.89
Emissions intensity (tCO ₂ /employees)	1.16	5.71
Total energy consumption (kWh)	113,498	121,884
Energy consumption intensity (kWh/employees)	350	552
Energy consumption: share of renewable energy (%)	9.8%	n/i
Energy consumption: share of grid electricity (%)	90.2%	n/i
Energy consumption: share of fossil fuel (%)	0.0%	n/i
Total water consumption (m ³)	2,112	1,716
Water consumption intensity (m ³ /employees)	6.52	7.76
Water consumption: share of reused water (%)	0.0%	0.0%
Total volume of common waste generated (ton)	n/i	n/i
Recycled volume of common waste generated (%)	n/i	n/i

Social	2022	2023
Number of employees (#)	324	221
Percentage of female employees (%)	29.6%	36.7%
Number of employees in leadership positions (#)	20	21
Percentage of women in leadership positions (%)	70.0%	52.5%
Number of directors (#)	4	5
Percentage of female directors (%)	25.0%	20.0%
Number of fatal accidents (#)	0	0
Number of accidents (#)	0	2
Number of occupational illness cases (#)	1	3

Governance	2022	2023
Number of complaints resolved in the ethics channel (#)	3	3
Number of complaints in the ethics channel (#)	3	3
Code of Ethics (Y/N)	Yes	Yes
Anti-Corruption Policy (Y/N)	No	No

Positive Impact	2022	2023
Installed Capacity (MW)	142	174
Generated Energy (MWh)	159,091	287,059
Avoided Emissions (tCO ₂)	7,709.44	12,141.98

n/a = not applicable
n/i = not informed

Automa

Established in 2006, Automa (formerly known as Automologica) develops technology and software solutions for the operation and management of energy related systems. Serving generators, transmitters, and distributors of energy, Automa focuses its activities on energy transition and digital transformation. The company currently monitors over 38.6 MW of energy generated from various sources (such as wind, solar, and hydroelectric), which accounts for 22% of the electricity generated throughout Brazil.

The investment from GEF Latam in Automa was announced in August 2022 and has been instrumental in helping to materialize the main growth avenues: (i) **internationalization**, aimed at establishing the company as a global leader in solutions for operation, control, and efficiency gains in power utilities, and (ii) **solidification and expansion** of the team to continue working on solutions' improvements through the development of new modules and algorithms - as well as adapting these solutions to different regulations in other countries. Automa has already received overwhelmingly positive feedback on its solutions implemented in countries such as France, Chile, US and Colombia, for example.

The pursuit of these objectives throughout 2023 resulted in a transformation in the company's organizational structure and also in its sales, marketing, and human resources teams, as well as the construction of a new headquarters.

“The year 2023 was a period of significant transformation for Automa, a transformation that is positioning the company for its international expansion. Automa sees itself ready to enable and enhance the energy transition not only in Brazil but also in other regions, bringing substantial gains to renewable energy generation and allowing plants and systems to produce more energy with the same resources.”

Marcelo Ferreira
CEO

Direct SDGs:

Indirect SDGs:



A Year of Remarkable Milestones

In 2023, Automa celebrated significant achievements, including the successful delivery of its inaugural European project and the inception of a dedicated telecommunications-focused business unit for the Energy sector. This strategic move positions Automa for expansion within the energy transmission domain, crucial for addressing Brazil's current energy sector challenges.

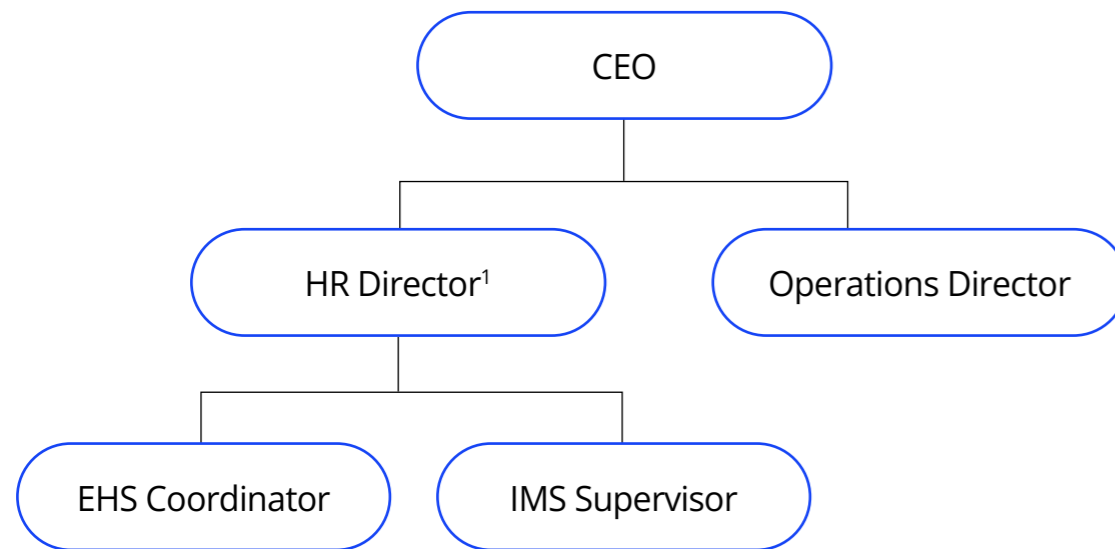
Another highlight of 2023 was the introduction of a new Software as a Service (SaaS) platform tailored for monitoring distributed generation plants. This innovative solution, born out of substantial investment in Research & Development (R&D), quickly garnered

attention from key clients and is already being adapted for application in the energy storage segment.

Throughout the year, Automa remained actively engaged in meeting the demanding needs of newly formed conglomerates and overseeing retrofits of wind farms. This comprehensive approach, coupled with its provision of services across all segments of the Energy GTD system, underscores Automa's market resilience and contributed to its remarkable growth in 2023, marked by a doubling of its contract portfolio compared to the previous year, ensuring a promising trajectory for 2024 and beyond.

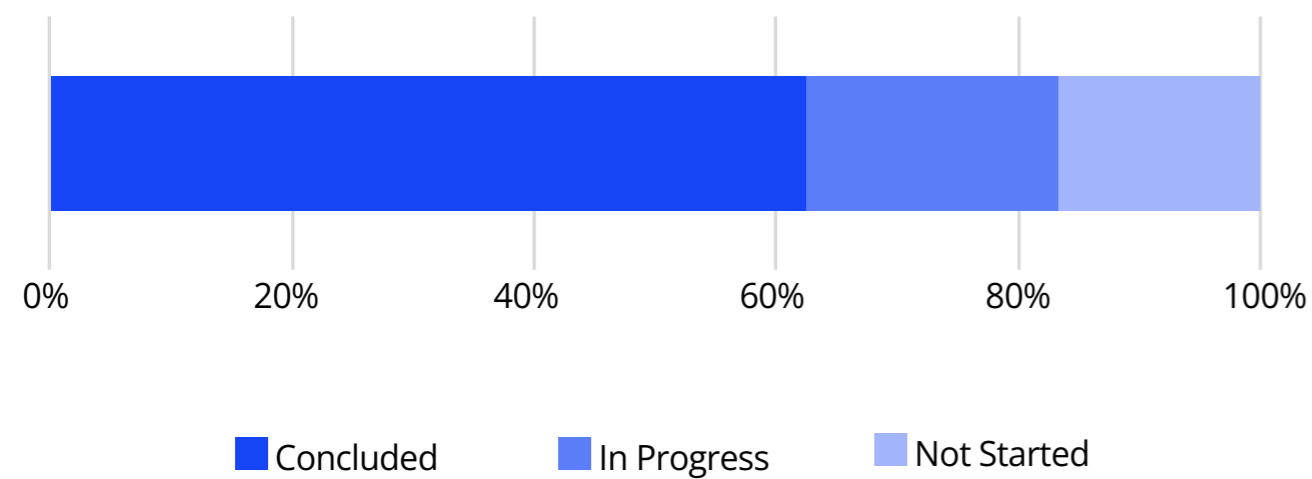


ESG Comittee



¹ ESG Committee Coordinator

ESG Action Plan



ESG Achievements

Internal communication of ESG Committee progress is shared with the entire team.

Development of a leadership training program.

Development of a materiality matrix, involving stakeholder research and definition of strategic ESG pillars for the company.

The new HR director made significant strides in the compensation and benefits plan, as well as in talent recruitment, selection, and retention efforts.

Attainment of ISO 27001 certification and recertification of ISO 9001, 14001, and 45001.

Creation of a Culture Book, alongside the Brand Book developed during the rebranding process.

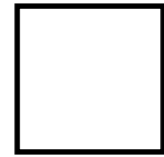
Update of the avoided emissions calculation tool to provide real-time results and projection.

The company has been investing in initiatives to increase the participation of women in the workforce, particularly in managerial positions. In 2023, this effort saw a notable increase, with the number of women in such positions rising from 0 to 6.



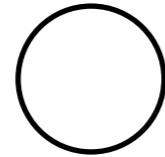
Despite higher energy and water consumption in absolute numbers, the company's growth during this period resulted in a 6% reduction in energy consumption and a 22% reduction in water consumption per employee compared to the previous year.

Impact Dimensions



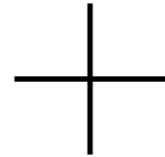
WHAT

Automa combines software and customized solutions for automation, digitalization, and control aimed at clients in the electrical sector. Its products are used for tasks such as infrastructure control and preventive maintenance, among others. By combining software and customized solutions, the company helps to manage the generated, transmitted, and distributed energy, reducing losses and potentially increasing efficiency by up to 5%.



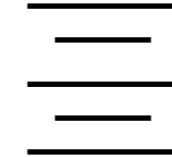
WHO

Automa's solutions drive efficiency growth for clients, resulting in reduced operational costs and greater energy stability for end consumers. By minimizing grid losses and boosting production, energy companies can cut expenses and reduce reliance on polluting sources, providing stability and access to clean energy. This indirectly contributes to climate change mitigation and adaptation, benefiting the environment and society.



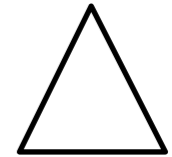
HOW MUCH

Automa currently monitors 22% of Brazil's total generation capacity, with this proportion rising to 55% for wind energy, 54% for centralized solar energy, and 40% for Small Hydroelectric Power Plants (PCHs). In addition to contributing to the control and monitoring of energy generation from renewable and clean sources, its solutions help increase efficiency in electrical systems, contributing to loss reduction. It is estimated that during the year 2023, Automa contributed to an efficiency gain of 714,336.20 MWh, equivalent to **27,509 tCO₂**, when compared to the National Interconnected System.



CONTRIBUTION

Improving generation efficiency and reducing operational costs for energy companies are important both from an economic and sustainability standpoint - especially in the Brazilian context, where losses in the sector exceed the global average.



RISKS

Automa maintains high resilience across all segments of the electrical sector chain, from generation to distribution, mitigating potential crises or industry slowdowns. While there's a risk of impact measurement imprecision due to client-provided data, Automa is actively consolidating and treating data to assess its impacts, showcasing robust ESG risk management.

Environmental	2022	2023
Carbon emissions - Scope 1 (tCO ₂)	43.12	4.71
Carbon emissions - Scope 2 (tCO ₂)	1.44	1.72
Carbon emissions - Scope 3 (tCO ₂)	0.58	186.52
Carbon emissions - Scope 1 + 2 (tCO ₂)	44.56	6.44
Emissions intensity (tCO ₂ /employees)	0.30	0.03
Total energy consumption (kWh)	34,313	44,921
Energy consumption intensity (kWh/employees)	236	222
Energy consumption: share of renewable energy (%)	0.0%	0.0%
Energy consumption: share of grid electricity (%)	100.0%	100.0%
Energy consumption: share of fossil fuel (%)	0.0%	0.0%
Total water consumption (m ³)	368	397
Water consumption intensity (m ³ /employees)	2.54	1.97
Water consumption: share of reused water (%)	0.0%	0.0%
Total volume of common waste generated (ton)	n/i	n/i
Recycled volume of common waste generated (%)	n/i	n/i

Social	2022	2023
Number of employees (#)	145	202
Percentage of female employees (%)	11.7%	17.3%
Number of employees in leadership positions (#)	16	21
Percentage of women in leadership positions (%)	31.3%	33.3%
Number of directors (#)	4	4
Percentage of female directors (%)	25.0%	25.0%
Number of fatal accidents (#)	0	0
Number of accidents (#)	0	0
Number of occupational illness cases (#)	0	0

Governance	2022	2023
Number of complaints resolved in the ethics channel (#)	0	0
Number of complaints in the ethics channel (#)	0	0
Code of Ethics (Y/N)	Yes	Yes
Anti-Corruption Policy (Y/N)	No	No

Positive Impact	2022	2023	
Solar	Installed capacity monitored (MW)	4,893.33	6,436.87
	Energy efficiency gain (MW)	7.61	7.38
Wind	Installed capacity monitored (MW)	11,354.29	15,716.89
	Energy efficiency gain (MW)	29.98	6.59
Hydro	Installed capacity monitored (MW)	12,516.19	16,493.62
	Energy efficiency gain (MW)	23.45	6.54

n/a = not applicable
n/i = not informed



Established in 2011, LAR Plásticos specializes in promoting the circular economy through plastic recycling, focusing mainly on polypropylene (PP) and high-density polyethylene (HDPE) — materials widely used in the consumer goods industry. Operating from its factory in Atibaia (SP), LAR Plásticos manufactures post-consumer recycled resin and finished goods, including standard items, such as recycled plastic boxes, trash bins and pallets, as well as customized. The company has branches in Rio de Janeiro (RJ), Simões Filho (BA), Jaboatão dos Guararapes (PE) and Fortaleza (CE), along with a presence in the United States.

On June 30, 2023, GEF Latam acquired a minority stake in LAR Plásticos. The investment aims to solidify the company's position as one of the leaders in the consolidation of Brazil's recycling sector. In 2023, LAR Plásticos strengthened its executive team by appointing a CFO, Commercial Head, HR, and ESG Managers, facilitating internal process improvements, and laying the groundwork for the adoption of best governance practices.

In September, the company acquired a new injection molding machine, which is expected to increase its capacity by up to 30% in the coming

years. LAR Plásticos also employs other critical technologies, such as optical readers for plastic material sorting and state-of-the-art robots, to enhance production not only in machinery but also in process control systems, including areas such as human resources and internal accounting. The company's R&D activities are a significant differentiator, particularly in expanding its product portfolio.

Looking ahead, LAR Plásticos aims for both organic and inorganic growth, potentially supported by mergers and acquisitions. The growing importance of the sustainability agenda and recycling objectives across all sectors represent significant growth drivers for the company.

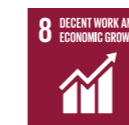
Regarding its impact on climate mitigation, it is estimated that energy consumption for PP and HDPE production from recycled plastic is approximately 76% lower compared to virgin plastic. Additionally, recycling contributes to reduce plastic landfill disposal, which has a slow decomposition rate, thereby lowering emissions from this phase and preventing soil and ocean pollution.

“At LAR Plásticos, our goal has always been to foster the recycling chain as a whole. By increasing our production volume, the company boosts indirect employment, adds value, and enhances the productivity of the entire chain.”

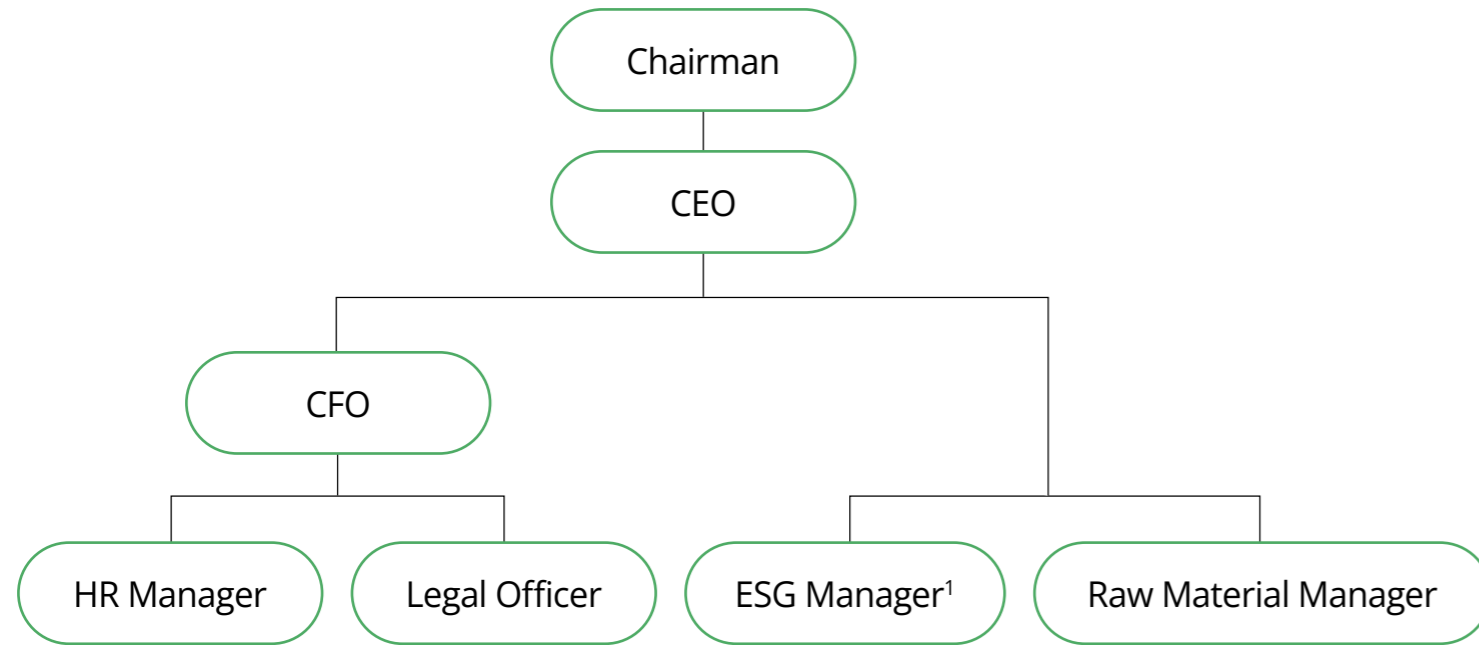
Leonardo Marino
CEO

Direct SDGs:

Indirect SDGs:

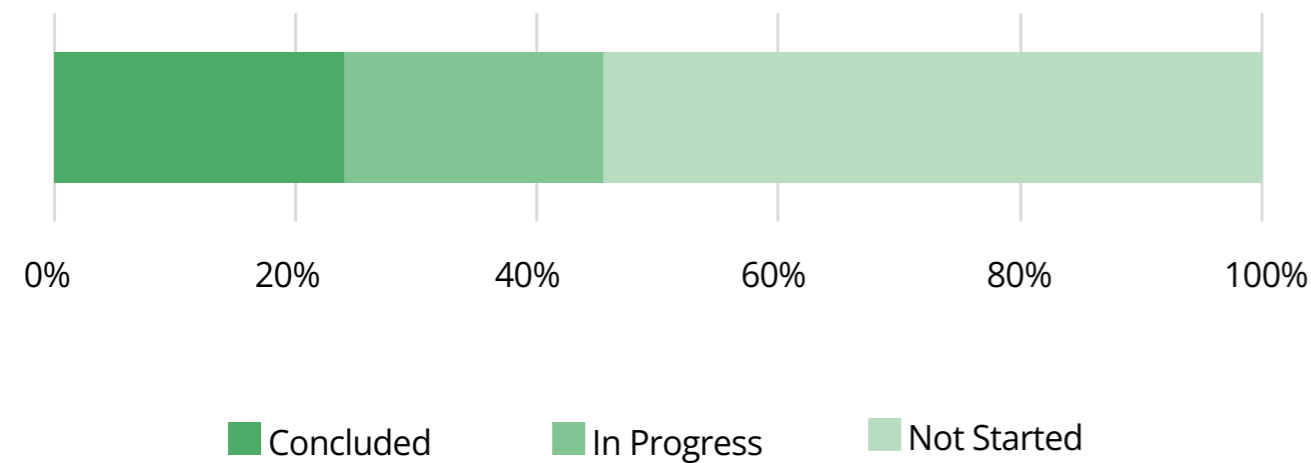


ESG Comittee



¹ ESG Committee Coordinator

ESG Action Plan



ESG Achievements

Hiring an ESG Manager to coordinate the ESG Committee, ensure compliance with the ESG Action Plan, and report on indicators.

Hiring an HR Manager to advance the department's strategic agenda.

Hiring a Legal Manager to review all internal policies and implement the company's Integrity and Compliance Program.

Revision of the ESG Action Plan and reprioritization of actions.

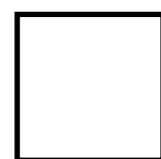
Update of the avoided emissions calculation tool alongside the company's carbon inventory.

Commencement of the particulate matter control project at the factory.

Contracting and implementation of an External Whistleblower Channel.

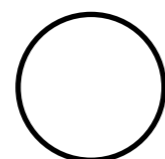


Impact Dimensions



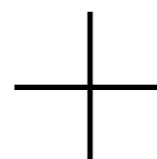
WHAT

Lar Plásticos is a vertically integrated company in the production of resin and plastic products, primarily using recycled material as input. As such, the company contributes to the circular economy and has positive impacts on the environment by reducing the use of virgin plastic, which has a high carbon footprint, and mitigating its final disposal in landfills, which is extremely slow, while also combating plastic pollution in the oceans.



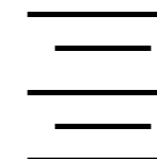
WHO

Plastic recycling benefits both the environment and human health and biodiversity. It reduces the consumption of raw materials, energy, and emissions, while combating plastic pollution in the oceans and improving air quality. Additionally, it has a positive social impact by generating income for waste pickers. Although headquartered in Atibaia, São Paulo, the region with the highest revenue impact for the company, it also has units in Bahia, Ceará, Pernambuco, and Rio de Janeiro.



HOW MUCH

The energy consumption for plastic production from recycled material in Brazil is about 80% lower compared to virgin material, resulting in a significant reduction in GHG emissions. In 2023, it produced approximately 8,400 tons of products, with approximately 80% of this production made from recycled material, contributing to an estimated reduction of 4,730 tCO₂. Despite operating mainly in the southeastern region of the country, Lar Plásticos has a national presence.



CONTRIBUTION

As a company that produces plastic products primarily from recycled plastic, Lar sets itself apart from other industry competitors by: (i) having a vertically integrated production (proprietary acquisition of raw materials, production, and direct sales), (ii) being well positioned to initiate long-term contracts with renowned companies that want to develop their own brands of recycled products, (iii) having robust R&D processes, which are crucial for diversifying its portfolio.



RISKS

By operating in a vertically integrated manner, Lar Plásticos is able to gather sufficient scale and controls, allowing it to capture higher margins than traditional recyclers. However, some risks may negatively impact the activity and results, such as price instabilities, adverse macroeconomic conditions related to the price of virgin material, inconsistencies in deliveries due to market recycling instability, and the challenge of replicating the factory in a potential expansion to other regions of Brazil.

Environmental	2023
Carbon emissions - Scope 1 (tCO ₂)	465.38 ¹
Carbon emissions - Scope 2 (tCO ₂)	472.98 ¹
Carbon emissions - Scope 3 (tCO ₂)	n/i
Carbon emissions - Scope 1 + 2 (tCO ₂)	938.37
Emissions intensity (tCO ₂ /employees)	1.81
Total energy consumption (kWh)	12,193,887
Energy consumption intensity (kWh/employees)	23,540
Energy consumption: share of renewable energy (%)	n/i
Energy consumption: share of grid electricity (%)	n/i
Energy consumption: share of fossil fuel (%)	n/i
Total water consumption (m ³)	5,400
Water consumption intensity (m ³ /employees)	10.42
Water consumption: share of reused water (%)	
Total volume of common waste generated (ton)	22,17 ³
Recycled volume of common waste generated (%)	n/i

Social	2023
Number of employees (#)	518
Percentage of female employees (%)	25.7%
Number of employees in leadership positions (#)	76
Percentage of women in leadership positions (%)	18.4%
Number of directors (#)	4
Percentage of female directors (%)	0.0%
Number of fatal accidents (#)	0
Number of accidents (#)	n/i
Number of occupational illness cases (#)	n/i

Governance	2023
Number of complaints resolved in the ethics channel (#)	n/a ²
Number of complaints in the ethics channel (#)	n/a ²
Code of Ethics (Y/N)	Yes
Anti-Corruption Policy (Y/N)	No

Positive Impact	2023
Recycled Plastic Used as Raw Material (ton)	6,702.40
Avoided Emissions (tCO ₂)	4,728.54

¹ The carbon inventory considered data from the investment date onwards, starting from July 2023.

² External whistleblowing channel was hired and is currently being implemented

n/a = not applicable

n/i = not informed

³ Considering the period between June and December, 2023.



Founded in 1999 by Maria Lúcia Garcez and her son Wander Ribeiro, GR Water Solutions (formely know as GR Indústria Química) provides solutions for industrial effluent treatment across various segments, such as paper, textile, food, as well as for the sanitation sector – water and wastewater. As one of the country’s leading distributors and producers of effluent treatment specialties, the company offers a diverse portfolio of products including chlorine, hypochlorite, and tailor-made specialties.

The investment from GEF Latam in the company was announced in late December 2023. The funding will support the group’s geographic expansion and potential acquisitions of synergic companies, consolidating its operational excellence nationwide. GEF’s support for GR will be crucial in this new phase, assisting the company in implementing value creation initiatives and enhancing governance. This can be exemplified by the establishment of committees across various departments such as R&D, ESG, Financial and M&A, Operations, and HR.

With a strong presence in the Southeast region of Brazil, the company plans to further expand into the South, Midwest, and Northeast regions.

This expansion begins with the launch of a new branch in the state of Santa Catarina, located in the southern region of Brazil.

The sanitation market in Brazil presents vast opportunities, as only 46% of the country’s sewage is currently treated. Moreover, Brazil is projected to require over R\$ 538 billion in investment over the next ten years to meet its goals for universal service¹.

The company’s primary differentiator lies in its integration between distribution, manufacturing, and technical support for the creation of proprietary and customized products and solutions. Focused on excellence, the company prioritizes creating solutions with rigorous technical specifications and adapting services to meet clients’ specific needs. GR Water Solutions’ operations are built upon these principles. Through a collaborative approach, the company’s commercial and technical teams conduct diagnostics for clients, utilizing on-site tests or the company’s R&D laboratories to identify gaps and opportunities.

¹ According to a study conducted by the Brazilian National Sanitation Information System in collaboration with the Trata Brasil Institute, released in early December 2023.

“After years of preparation and strengthening of ESG practices, we received investment from GEF in 2023, marking a significant milestone in our journey toward sustainability. We are confident that aligning our business with sustainable goals is not only compatible with generating returns for stakeholders and society but also with driving them forward.”

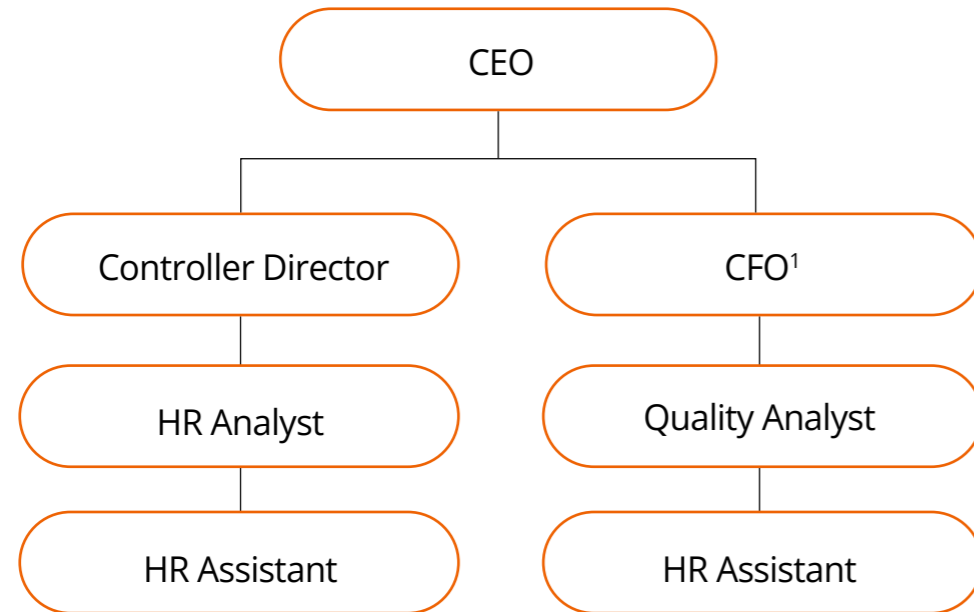
Fábio Sampaio Ribeiro
CEO

Direct SDGs:

Indirect SDGs:

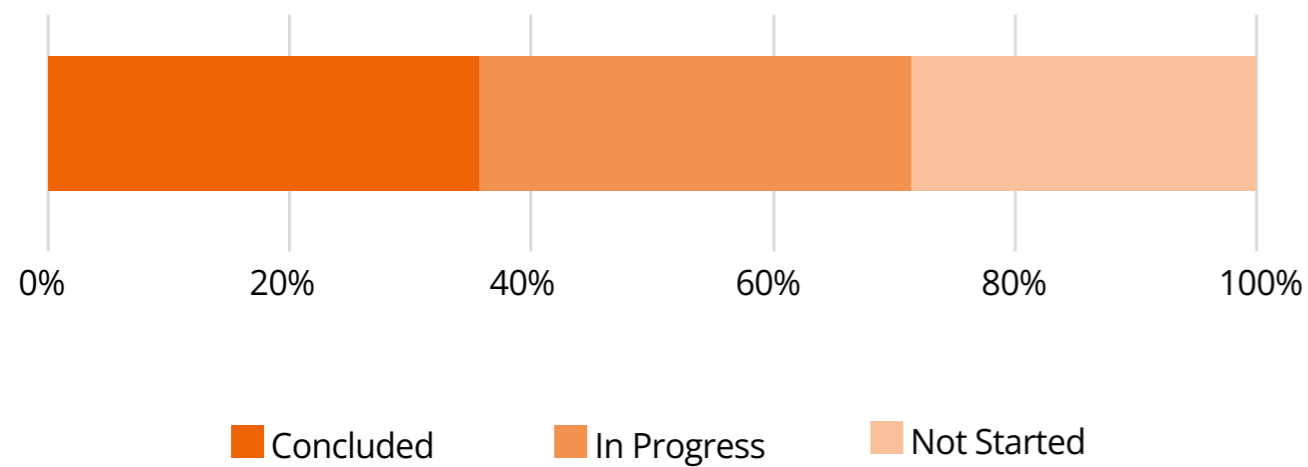


ESG Comittee



¹ ESG Committee Coordinator

ESG Action Plan



ESG Achievements

Development of its materiality matrix and definition of the ESG Roadmap goals.

Launching of the 1st Sustainability Report with GRI standards for 2023.

Establishment of the new ESG Committee with GEF's participation, now overseeing a robust monthly action plan.

Implementation of an Environmental Education and Awareness Schedule.

Execution of an initiative to plant native and fruit-bearing seedlings around the premises.

All hazardous waste is either co-processed or recycled.

Organizational Climate Survey resulting in a favorability index of 90.13%.

Assessment of suppliers on quality, environment, social responsibility, and health and occupational safety through a self-assessment questionnaire.

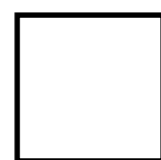
Internal whistleblowing channel on the website; plans to hire an external whistleblowing channel set for 2024.

Implementation of the Anti-Corruption Policy and conducted training for all employees.

A Board of Directors was already in place, and financial audits were conducted prior to the investment.

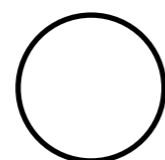


Impact Dimensions



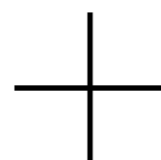
WHAT

GR provides solutions for water, wastewater, and industrial effluent treatment, aiming to meet regulatory standards and, above all, contribute to optimizing the use of inputs in water treatment and the generation of sludge as a byproduct of this process. The company's proprietary and customized solutions are known for the integration they promote between distribution, manufacturing, and the use of R&D laboratories.



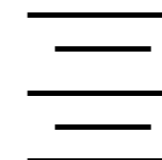
WHO

The impact is observed among clients, most of whom are water-intensive industries and water and sewage companies. Additionally, the general population is positively impacted by the improved water and environmental quality, with a reduction in improper disposal of industrial effluents and a decrease in the volume of generated sludge.



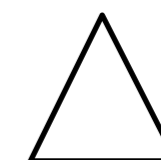
HOW MUCH

The impact on reducing the client's sludge generation varies from case to case, depending on the efficiency with which the treatment was already being conducted and the specific conditions of each effluent. However, in a case study conducted with a client, it was possible to achieve a reduction of about 70% in the volume of generated sludge and an 80% decrease in transportation needs. Currently, the company operates mainly in the Southeast region, but the business plan includes expansion to other regions of Brazil, such as the Northeast, where there is a lack of basic water and wastewater treatment.



CONTRIBUTION

GR provides specialized support to optimize clients' effluent treatment, resulting in higher quality treated water with more efficient input consumption and potentially reducing sludge production. This not only reduces costs for its clients but also improves water quality and promotes efficiency in water resource use, contributing to climate change adaptation.



RISKS

The company relies on the correct use of products by its clients, which limits its ability to manage expected impacts. However, since its business focuses on the customized production of water and effluent treatment products, the likelihood of the company choosing to reduce its positive impact for financial reasons is low. Additionally, despite being exposed to regulatory changes due to its involvement in the sanitation sector, its main clients are industries, which helps reduce this risk.

Environmental	2023
Carbon emissions - Scope 1 (tCO ₂)	n/a ¹
Carbon emissions - Scope 2 (tCO ₂)	n/a ¹
Carbon emissions - Scope 3 (tCO ₂)	n/a ¹
Carbon emissions - Scope 1 + 2 (tCO ₂)	n/a ¹
Emissions intensity (tCO ₂ /employees)	n/a ¹
Total energy consumption (kWh)	2,096,738
Energy consumption intensity (kWh/employees)	10,228
Energy consumption: share of renewable energy (%)	93.0%
Energy consumption: share of grid electricity (%)	n/i
Energy consumption: share of fossil fuel (%)	n/i
Total water consumption (m ³)	20.688
Water consumption intensity (m ³ /employees)	100.92
Water consumption: share of reused water (%)	0,00%
Total volume of common waste generated (ton)	5,805.00
Recycled volume of common waste generated (%)	100.00%
Total volume of hazardous waste generated (ton)	341,916.10
Recycled volume of hazardous waste generated (%)	0.02%
Co-processing volume of hazardous waste generated (%)	99.98%

Social	2023
Number of employees (#)	205
Percentage of female employees (%)	29.3%
Number of employees in leadership positions (#)	22
Percentage of women in leadership positions (%)	36.4%
Number of directors (#)	7
Percentage of female directors (%)	14.3%
Number of fatal accidents (#)	0
Number of accidents (#)	3
Number of occupational illness cases (#)	n/i

Governance	2023
Number of complaints resolved in the ethics channel (#)	n/a ²
Number of complaints in the ethics channel (#)	n/a ²
Code of Ethics (Y/N)	Yes
Anti-Corruption Policy (Y/N)	Yes

Positive Impact	2023
Volume of sold alkalinity agents (m ³)	50,357,176
Volume of sold coagulants (m ³)	7,074,740
Volume of sold clarification/color removal auxiliaries (m ³)	47,653,568
Volume of sold flocculants (m ³)	1,244,272
Estimated volume of effluents treated with GR products (m ³)	1,524,059,825

¹ Investment made in December 2023

² External whistleblowing channel was hired and is currently being implemented

n/a = not applicable

n/i = not informed

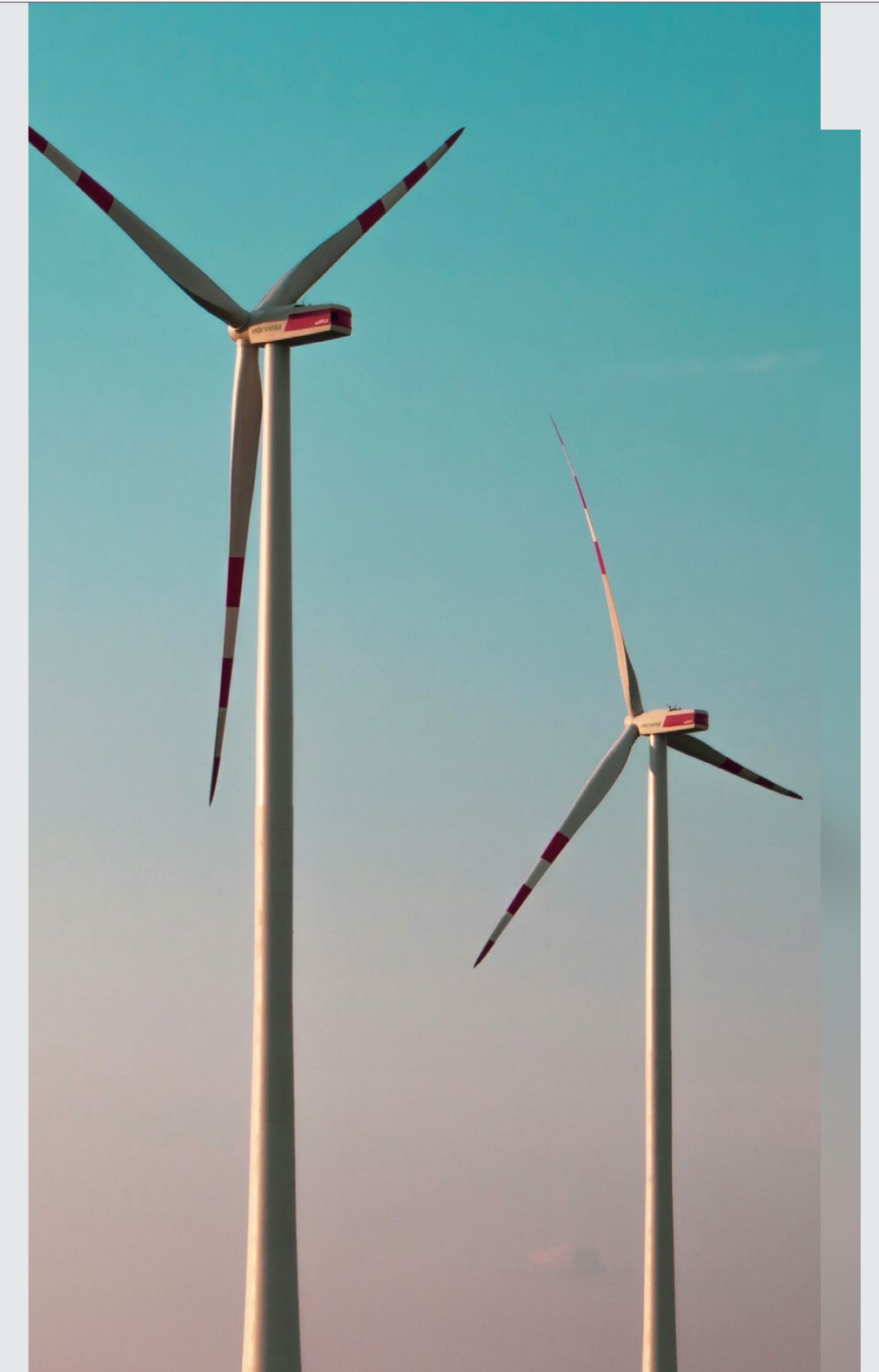
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