



**20  
22** | **Impact &  
Sustainability**  
Report

The cover page and the following photograph show images of a sustainable food garden in an indigenous community in La Guajira, Colombia, one of the regions where Sies Salud, a Linzor portfolio company, is conducting social investment projects for women in partnership with two foundations. As part of the projects, the women receive mental health training and support for the sustainable generation of food through community gardens.



### LEGAL DISCLAIMER

Past performance is not indicative of future results. Linzor evaluates ESG criteria for each potential investment at the discretion of the partners. In certain cases ESG criteria are more important to an investment decision than others. Linzor obtained certain information contained herein from third-party sources. While Linzor believes such information to be reliable, Linzor has not independently verified any such information and makes no representations or warranties with respect to any such information.

# 01.

## INTRODUCTION



p. 4 - 7

# 02.

## ESG AT LINZOR



Environmental  
Social  
Governance

p. 8 - 21

# 03.

## PORTFOLIO OVERVIEW



LCP III  
LCP I & II  
Conclusion  
Areas for Improvement

p. 22 - 56

# 04.

## APPENDIX



KPI Evolution  
EDCI Metrics  
RI Policy  
Actions Taken

p. 57 - 74





# 01.

INTRODUCTION



Linzor is a Latin American mid-market private equity firm with US\$1.2 billion in capital commitments raised since inception.

Our responsible investment policy closely integrates ESG considerations into each step of the investment process, from fundraising to screening, due diligence, investment, ownership, and exit. Our most recent fund, LCP III, is invested in companies with significant impact and purpose in areas such as financial inclusion, higher education, specialized healthcare, and access to technology.

ESG and impact considerations are central to the value creation strategy for each of our portfolio companies. Given our active investment style and focus on controlling positions, we have been able to implement a detailed, hands-on ESG and impact program across our portfolio. We published our first Impact & Sustainability Report in 2021, after launching a structured process to review and improve the portfolio's performance on ESG and impact matters using the Sustainable Development Goals (SDG) framework.

The process is steered by an ESG & Impact Committee composed of seven Linzor professionals and

two external experts. Our entire investment team and the senior management of each portfolio company are deeply involved, as they are ultimately responsible for the implementation of the ambitious action plans established as part of the annual review process.

This year, we are proud to present an update on the progress achieved by the portfolio one year after the first report was published. On average, the LCP III portfolio companies achieved increases of 25 percentage points in their SDG Action Manager score for SDG #5 Gender Equality and of 23 percentage points for SDG #13 Climate Action. Although ESG has been a component in Linzor's investment strategy for many years, we believe that the structured approach developed over the last two years has succeeded in raising the priority of ESG and impact matters at the top levels of governance, ensuring senior management buy-in and closer linkage with the business strategy.

Over the last twelve months, we exited one business (Mundo, a

fiber-to-the-home internet provider in Chile) and made one new investment comprised of two related businesses (inConcert, an omnichannel contact center SaaS developer, and Convertia, a provider of digital marketing services). We are proud of the progress achieved by Mundo on various initiatives, including bringing its fiber optic network to remote and underserved areas, offering free connectivity to various community organizations, and forming Chile's first all-female technician squad. Almost a year after our exit, these initiatives continue to be central to Mundo's strategy and are still in execution. Similarly, inConcert and Convertia carry great impact potential in the digital transformation space, as their services help Latin American companies adopt digital marketing and customer engagement practices at affordable prices, unlocking access to the digital economy with significant positive repercussions for our target markets.

During 2021, Linzor became the first Latin American private equity firm to join the ESG Data Convergence Project (now rebranded as ESG

Data Convergence Initiative or EDCI), an industry initiative that seeks to standardize ESG metrics and provide a mechanism for comparative ESG reporting for private markets. Linzor served as a member of the External Engagement working group of the EDCI, contributing ideas regarding collaboration with other standard-setting bodies, dissemination of the initiative, as well as its positioning and branding.

The EDCI allows GPs and portfolio companies to benchmark their current ESG standing and

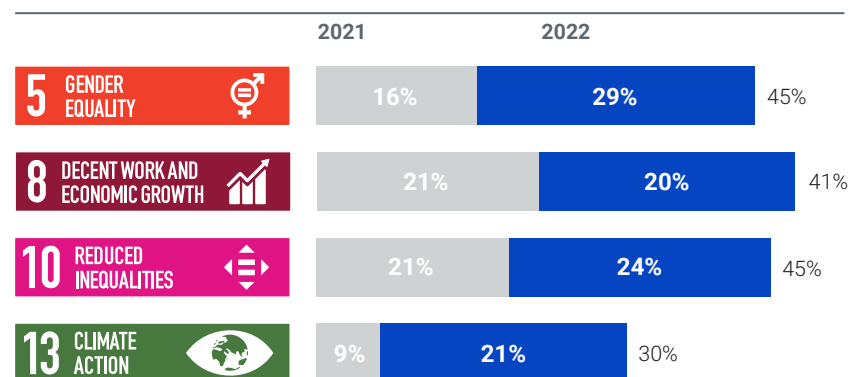
measure progress towards ESG improvement in several fronts, while providing transparency in the information reported to LPs. The data for Linzor portfolio companies is included in the appendix to this report, and reflects particularly strong performance on renewable energy usage and survey coverage relative to the broader EDCI pool. Linzor's participation in the EDCI as the first GP in Latin America as well as its active role as signatory of PRI and the Net Zero Asset Managers Initiative, reinforces its leading position on ESG matters in the region.

## Linzor's participation in the EDCI as the first GP in Latin America reinforces our leading position on ESG matters in the region.

### NET ZERO ASSET MANAGERS INITIATIVE



## Weighted Average SDG Action Manager score<sup>1</sup>



<sup>1</sup> Average SDG Action Manager score for LCP III portfolio companies for the most commonly targeted SDGs, weighted by invested capital. Here we show growth of same portfolio companies for 2021 and 2022, excluding Mundo and inConcert and Convertia from the data. For further details, including an explanation of the SDG Action Manager, please refer to the LCP III Methodology in the Portfolio Overview.

## Weighted Average of LCP III Portfolio KPIs

	2020	2021
Carbon emissions per USD revenue (CO <sub>2</sub> kgs)	26	19
LED lighting	69%	70%
Waste recycling	69%	56%
Women in workforce	40%	44%
Women in top management	15%	28%
Percentage of portfolio companies with independent board members (*)	50%	67%

(\*) Uno Salud and inConcert & Convertia added independent board members in 2022, bringing this metric to 100%.





# 02.

## ESG AT LINZOR

Environmental  
Social  
Governance

p. 8 - 21





# Linzor is committed to the low-carbon transition.

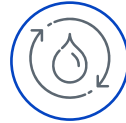
## Environmental initiatives in our offices



- Energy-efficient lighting (LED or fluorescent tubes)



- Waste reduction measures: double-sided black-and-white printing, filtered water dispensers or large rechargeable water jars, use of rechargeable batteries.



- Water-efficient toilets



- Energy-saving measures, such as: overnight hibernation and auto shut-off of computer equipment



- Recycling of paper, plastic, cans, glass, toner and tech products



- Looking for office space with solar panels and/or other renewable energy sources

Since 2019, we have been measuring our greenhouse gas emissions using GHG Protocol standards and have committed to reduce them through various initiatives,

offsetting those that we cannot reduce. At the GP level, we have identified business travel and the use of electricity as the largest sources of CO<sub>2</sub> emissions. Over

the next year, we will continue to refine these calculations and develop a detailed emission reduction and offset plan.

### 2020 LCP OPERATIONAL CARBON EMISSION SUMMARY

	Units	Metric	CO <sub>2</sub> tons	Description
Scope 1	lts.	n.a.	n.a.	
Scope 2	kWh	49,965	17.0	Use of electricity
Scope 3	kms	317,333	99.9	Employee air travel
<b>Total</b>			<b>116.9</b>	
<b>CO2 Tons / Avg. Employees</b>			<b>4.2</b>	
<b>CO2 Tons / Avg. AUM (\$bn)</b>			<b>190.6</b>	

### 2021 LCP OPERATIONAL CARBON EMISSION SUMMARY

	Units	Metric	CO <sub>2</sub> tons	Description
Scope 1	lts.	n.a.	n.a.	
Scope 2	kWh	46,996	16.0	Use of electricity
Scope 3	kms	326,692	103.0	Employee air travel <sup>1</sup>
<b>Total</b>			<b>119.1</b>	
<b>CO2 Tons / Avg. Employees</b>			<b>4.3</b>	
<b>CO2 Tons / Avg. AUM (\$bn)</b>			<b>194.1</b>	

<sup>1</sup> Employee air travel emissions are relevant due to Linzor's wide geographic scope (Latin America), the fact that deal teams are typically assembled based on sector experience regardless of office location, and that many partners cover more than one market (eg, Mexican partners cover Colombia and Chilean partners cover Peru).

## ESG AT LINZOR

### Environmental

The COVID-19 pandemic brought business travel to a halt for a significant portion of 2020. This led to widespread adoption of videoconferencing and a significant decrease in air travel post-reopening, an effect that endured throughout 2021 and that allowed us to reduce our operational emissions by 76% relative to 2019. Going forward, we continue to travel only when necessary. When we can instead do business through videoconferencing, we do so in order to minimize operational emissions.

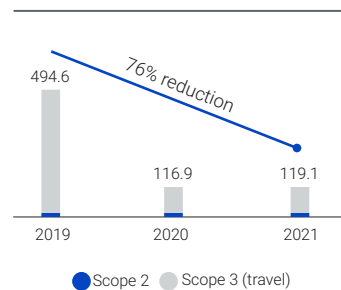
We require all the portfolio companies in our latest fund (LCP III) to track their carbon footprint, including Scope 1, 2, and some Scope 3 emissions. This in turn allows us to track the portfolio-level carbon indicators shown in the table below. The weighted average carbon intensity of the portfolio is low relative to MSCI country benchmarks for our markets and even the MSCI World ESG Leaders index, which we believe is indicative of the low-carbon nature of the sectors in which we invest. Despite the low-carbon nature

of our portfolio, we aim to lower emissions further.

In November 2021, we announced our adherence to the Net Zero Asset Managers Initiative, committing to set targets consistent with a fair share of the 50% global reduction in greenhouse gas emissions by 2030 and net zero emissions by 2050, which are required to limit global warming to 1.5°C. We are proud to be working with our portfolio companies and the investment community to support this global effort.

All portfolio companies in our latest fund track their carbon footprint, including Scope 1, 2, and some Scope 3 emissions.

#### Operational Emissions by Year (tCO<sub>2</sub>e)



#### LCP III FUND-LEVEL CARBON INDICATORS

	2020	2021	Units
Weighted Average Carbon Intensity <sup>1</sup>	29	19	tCO <sub>2</sub> e / \$mm Revenues
Total Financed Emissions <sup>2</sup>	4,459	4,048	tCO <sub>2</sub> e
Financed Emissions Intensity <sup>3</sup>	12	11	tCO <sub>2</sub> e / \$mm Invested Capital
	9	6	tCO <sub>2</sub> e / \$mm Fair Value

(1) Weighted Average Carbon Intensity is the average of each portfolio company's carbon intensity (Scope 1+2 Emissions/ Revenues), weighted by invested capital  
 (2) Total Financed Emissions is calculated in accordance with the Partnership for Carbon Accounting Financials (PCAF) guidance, by adding the proportion of each portfolio company's Scope 1+2 Emissions attributable to our equity investment in such company  
 (3) Financed Emissions Intensity has been calculated two ways: dividing the amount of total financed emissions by the total capital invested and by the fair value of such investments

## ESG AT LINZOR

### Environmental

Currently, all unrealized LCP III portfolio companies, comprising 60% of Linzor's total AUM, are working with specialized consultants to expand their Scope 3 calculations to include material emission sources and to set Science-Based Targets. At the GP level, we have committed that by the year 2030 all of our control private equity investments will set science-based targets within the first 12 to 18 months of ownership. Linzor was the first private equity GP in Latin America ex-Brazil to join the Net Zero Asset Managers Initiative and we aim to continue leading the industry on this front, setting an example for other managers in the region.

As an example of the initiatives that we promote across the portfolio, over the past year, we have been working with management teams to collect information on solar panels and share best practices on their use and installation across all of our companies, encouraging them to consider this option for clean energy sourcing. Earlier this

year, the Sies Salud management team led a video conference for managers from all other Linzor portfolio companies, sharing their experience with a successful pilot installation of solar panels at three of their clinics. This has motivated other companies to initiate their own projects in this area.

We support the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD) and frequently incorporate this lens into discussions at our investment committee and portfolio company boards. For example, Engen Capital, our leasing platform in Mexico, considers the physical and transition risks inherent to its clients' industry and operations as part of its credit evaluation. Conversely, Engen's board and management have also identified a climate-related opportunity in the development of specialized financing for green equipment such as hybrid and electric vehicles and solar panels, contributing to their widespread adoption.

# In November 2021, we joined the Net Zero Asset Managers Initiative





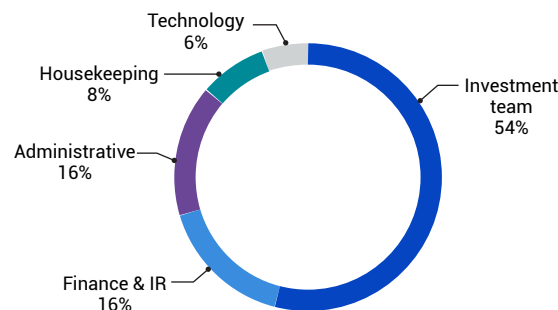
# ESG AT LINZOR

## Social

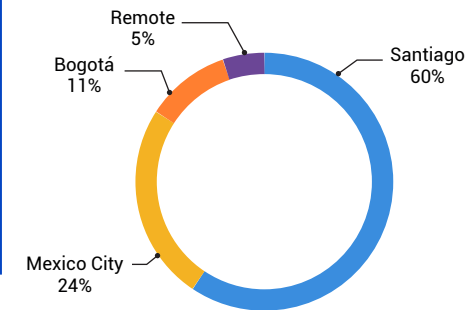
The Linzor team is comprised of 37 employees across three offices in Chile, Mexico and Colombia, as of June 30, 2022. Women account for 43.2% of our total employees, in line with the prior year and 6.7 p.p. above 2020. Among our partners, 12.5% are women.

Since our founding in 2006, our team has remained highly consistent over time, with an average partner tenure of 13 years at Linzor and an average principal tenure of 8 years. This has allowed us to develop a cohesive culture and a disciplined, institutionalized approach in our investments.

Employees by Function



Employees by Office



	Total	% Female
Partners	8	12.5%
Principals and VPs	6	16.7%
Associates and Analysts	9	22.2%
Investment and IR Teams	23	17.4%
Administrative Support	6	100.0%
Finance / Operations	3	100.0%
Housekeeping	3	66.7%
Technology	2	50.0%
<b>Total</b>	<b>37</b>	<b>43.2%</b>

Linzor has an internally run continuous learning and training program, taught by Linzor professionals from Associates to Partners. In the last 12 months, we have taught seven modules covering financial, communications, ESG and legal topics. In the next 12 months, we will teach another seven modules on managerial, economic, and industry specific subjects. Additionally, for new employees, the firm pays for a third-party modeling and valuation course. These programs help our junior professionals climb the learning curve in a structured

way, develop their full potential, and institutionalize the knowledge gained by the firm's senior members during their many years of experience. These trainings also allow Linzor to recruit from a broader talent pool, since we can teach non-traditional recruits the missing skills, and benefit from their unique and complementary experiences and perspectives. The continuous learning program also promotes culture-building and cohesiveness.

In March 2022, Linzor took an important step towards promoting a

workplace with a more sustainable work-life balance, which we believe is important to foster a culture of inclusion and diversity. The firm announced a new HR policy with guidelines that address junior employees' wellbeing in areas such as staffing, boundaries, flexibility, development, and culture. We believe these policies have made Linzor a better place in which to develop a long-term career and will help us improve our gender balance. The commitment of the firm's leaders to prioritize projects in a coordinated manner has been a key enabler for these policies.



## Linzor 2022 HR Policy

### Work-life balance initiatives

- Investment professionals are expected to leave the office by 7pm on Monday through Thursday and by 4pm on Fridays, although they may continue working from home on weekday nights, if needed. Weekend work should be avoided to the extent possible
- Meetings or calls before 8am and after 7pm should be avoided. The participants' time zones should be taken into account
- Investment committee memos should adhere to the page limits established for each transaction stage
- Responses to emails received during the weekend are generally not expected until the following Monday
- Use of reasonable and realistic deadlines at all levels of the organization
- Streamlining of pass memos to reduce unnecessary work

### Culture-building initiatives

- Social events, holiday celebrations and sport activities in each office
- Renew firm-wide offsite halted during pandemic.

### Remote work policy

- 1.5 work-from-home days per week (Fridays + one half-day of each person's choice)
- Up to 3 full remote work weeks per year

### Professional development initiatives

- Bi-weekly meetings in each office to discuss pipeline and manage deal flow, allowing more participation and airtime by junior investment professionals
- Greater coordination and thoughtfulness in staffing of junior investment professionals
- Monthly mentoring sessions for junior investment professionals, devoted to professional topics, skill development, work-life balance, new hire onboarding, and general personal development
- Ongoing performance feedback throughout the year
- Continuous learning curriculum with monthly/bi-monthly sessions taught by Linzor professionals
- New hire onboarding: in-house training materials and third-party modeling and valuation course


### Vacation policy

- 3 weeks (15 business days)
- Investment professionals are not expected to work during vacation
- Vacation time should be taken each calendar year
- For MBA applicants: 5 days off for GMAT study and flexibility for additional hours

### Parental leave policy

- Women: 12 to 30 paid weeks, depending on the country
- Men: 3 paid weeks



A photograph showing two women in teal shirts and a white cap working on a wooden table outdoors. One woman is standing and leaning over the table, while the other is sitting and looking down at the table. They appear to be engaged in a collaborative activity, possibly related to a community service project.

Diversity within our investment team is one of the priority areas for improvement identified in last year's report.

Diversity within our investment team is one of the priority areas for improvement identified in last year's report. We believe the aforementioned policies designed to attract, retain and develop top talent will help us become a more attractive option for a diverse pool of candidates going forward. We are working closely with organizations such as Women in Finance Latin America to contribute to the goal of increasing the representation of women in the finance and investing sector in our countries. Sharon Matthews, Linzor Partner & CFO, and Ana Giannareas, IR & Finance Principal, are mentoring young female professionals as part of Women in Finance's mentorship program.

This year, we were invited to partner with Mujeres Invirtiendo, a community of professional women who seek to promote women's participation in the private equity industry in Mexico. Through this partnership, Linzor has committed to carry out the necessary efforts to support gender equality in the ecosystem through assistance and participation in various projects

and events throughout the year as well as the implementation of policies and tools related to gender equality within Linzor and its portfolio companies. As described in our section on Areas for Improvement, we recognize we have more work to do in this area and we are working on an action plan to improve our performance.

In order to foster a service-oriented culture, we carried out our first Firmwide Community Service Day in Chile and Mexico during October 2022. We partnered with NGOs Techo para Mi Pais and Construyendo. In Chile, we built and implemented houses for families in low-income areas during a two-day activity that involved all of the staff in our Chile office. The Mexico and Colombia offices joined forces with the senior management of our Mexican portfolio companies to build a media classroom for a school serving over 60 students in a vulnerable sector in the State of Mexico over the course of three days.

Going forward, we will aim for



## An interest in philanthropy and giving back to the community is a shared value among many Linzor team members

each office to engage in at least one community service activity every year, thereby expanding our network of NGO partnerships across Latin America. We will also seek to measure the impact of our activities and involve our portfolio companies, thus, increasing the reach and impact of our internal volunteer program.

On occasion of our 2021 AGM, Linzor donated a total of \$30,000 to fund the following initiatives:

» Scholarship fund at Universidad Insurgentes, a LCP III portfolio company

» Fundación Impulso, a non-profit K-12 school that aims to reduce the educational gap in Uruguay

In addition, as part of our 2022 Community Service Day we are donating a total of \$16k to the following organizations:

» Construyendo, a foundation that organizes volunteer programs to build homes and schools in low-income rural areas in Mexico,

» Techo para Chile, a non-profit organization serving families that live in precarious housing conditions.

In December 2021, Linzor Mexico donated \$10k to Comedor Santa Maria, a soup kitchen that serves ~10k children living in extreme poverty.

An interest in philanthropy and giving back to the community is a shared value among many Linzor team members. Some of the Partners and employees who support non-profit organizations include:

» Carlos Ingham (Partner) is the Founder and Honorary President of Red de Alimentos, Chile's first food bank, currently

benefitting over 250,000 people through the distribution of food and essential supplies to organizations and individuals in need. This is the largest NGO in Chile in terms of regional coverage and number of beneficiaries. Rodrigo Romero (Associate) is also involved supporting this organization.

» Tim Purcell (Managing Partner) and Matias Gutierrez (Partner) serve as Chairman and board member, respectively, at Enseña Chile, an education non-profit organization that is a member of Teach for All.

» Tim Purcell (Managing Partner) and Ignacio Spiniak (Principal) are members of the board of Colegios CREE, a non-profit charter school in Chile serving Santiago's most vulnerable students in grades PK to 7. Tim and his wife Teresa were founding sponsors of this school helping to build its infrastructure and finance its operation

» Alfredo Irigoien (Linzor Co-Founder and Senior Advisor for LCP IV) is a board member in several non-profit institutions including Sanatorio Mater Dei (a hospital in Buenos Aires, Argentina),

Colegio Madre Teresa (a K-12 school serving lower income students in Buenos Aires, Argentina) and Fundación Impulso (which operates a free secondary school in Montevideo, Uruguay that aims to close the education gap).

» Jean Bernard Ide (Partner) supports Comedor Santa María, a Mexican non-governmental organization serving meals to 10,000 children per day conditioned on school attendance, channeling the help of portfolio

companies like Pagnifique. He was also invited to become an ally of NGO Mujeres Invirtiendo in Mexico and supports Construyendo, channeling projects and funding.

» Sharon Matthews (Partner and CFO) and Ana Giannareas (Principal of Finance & IR) mentor young women as part of a mentorship program run by Women in Finance Latin America, an organization working to promote the role of women in the finance sector in the region.





# ESG AT LINZOR

## Governance

Linzor is an independent firm controlled by its partners, who also comprise the investment committee for each of its funds. The partners make consensus-driven investment decisions and agree on other material matters, with the input of all partners given equal weight regardless of tenure. We believe that the partners form a well-balanced, complementary, and experienced team, benefitting from long-standing professional relationships. Four of our partners originally joined Linzor in non-partner roles and were promoted to partners during their time here, highlighting Linzor's commitment to creating attractive career paths for its junior professionals and ensuring a long lasting firm.

The partners have primary responsibility for Linzor's ESG and impact investment strategy. In 2017, they initiated ESG KPI reporting and monitoring as part of Linzor's biannual portfolio review sessions. In 2020, they decided to establish an ESG and Impact Committee to propose updates to the firm's responsible investment policy, including detailed guidelines for

ESG due diligence of prospective investments, and ESG and impact management of the existing portfolio. The revised policy was subsequently reviewed, edited, and unanimously approved by the partners. The ESG and Impact Committee is responsible for the implementation of this policy as well as maintaining transparency towards all relevant stakeholders: producing annual reports open to the public, overseeing disclosures to limited partners as part of regulator investor communications, and representing Linzor at relevant industry associations and events.

The ESG and Impact Committee is composed of seven Linzor investment professionals (including two partners) and two external members. Two Linzor team members, including our Managing Partner, have permanent roles to ensure continuity of the effort, while the remaining positions will rotate every 2 to 3 years to allow for participation from a variety of individuals over time. This year, Rodrigo Romero (Associate, Chile) and Montserrat Olguín (Analyst, Mexico) joined the committee.

### Linzor Partners



Anqi Lu, 2020



### Linzor ESG & Impact Committee



**Jean Ide Gerard**  
Partner, Mexico  
Chair of ESG & Impact  
Committee



**Timothy Purcell**  
Managing Partner, Chile  
Permanent Member of ESG &  
Impact Committee



**Ana Giannareas**  
Principal, Finance & IR, Chile  
Permanent Member of ESG &  
Impact Committee



**Ricardo Yunis**  
Principal, Colombia  
ESG & Impact Committee  
Member



**Rodrigo Romero**  
Associate, Chile  
ESG & Impact Committee Member



**Javier Halffter**  
Associate, Mexico  
ESG & Impact Committee Member



**Montserrat Olguín**  
Analyst, Mexico  
ESG & Impact Committee Member



**Claudia Zeisberger**  
• External Member of ESG & Impact Committee  
• Professor at INSEAD. Founder and Academic Director of INSEAD's Global Private Equity Initiative  
• KKR Sustainability Advisor  
• Over 30 years of global experience as a finance professional and expert in Responsible Investing and ESG strategy



**Gonzalo Muñoz**  
• External Member of ESG & Impact Committee  
• UN High Level Climate Champion COP25  
• Co-Founder of TriCiclos and Manuia, two recognized Latin American companies in circular economy, recycling, and sustainability consulting

### Roles & Responsibilities

Under our responsible investment policy, ESG and impact considerations are integrated tightly with every step of our investment process. As a result, every investment professional is closely involved at different stages:

- At the fundraising stage, all the Partners and the Investor Relations team are involved in communicating to prospective investors our responsible investment policies, the ESG and impact thesis involved in each of our investment themes, and the processes we have in place to capture ESG opportunities, pursue impact objectives, and mitigate risks and potential negative impacts.
- During screening and due diligence of prospective opportunities, deal teams are responsible for gathering information on the ESG and impact profile of prospective target companies and sharing their findings with the investment committee. For each new potential investment opportunity, deal teams complete

a rigorous template based on KPIs (internal and external), informed by well-known frameworks such as SASB.

- Before closing an investment, deal teams involve the target company's management team and minority shareholders, if present, to agree on ESG and impact objectives and initiatives. The management team will oversee implementing the action plan and their variable compensation will typically be linked to the attainment of such objectives.
- During the investment's holding period:
  - » Deal teams help portfolio companies track progress of the action plan, work alongside management to bring new ESG initiatives and ideas to generate positive impact, participate in company-level ESG Committees, and review KPIs and milestones prior to presentations to Linzor's ESG and Impact Committee.

Under our responsible investment policy, ESG and impact considerations are integrated tightly with every step of our investment process.

## ESG AT LINZOR

### Governance

» Linzor's ESG and Impact Committee reviews and provides advice on the portfolio companies' ESG and impact plans annually. The Committee also shares relevant knowledge, guidance and information with the Linzor deal teams and management teams through memos and online meetings throughout the year.

- Upon exit of an investment, deal teams seek to ensure ongoing commitment to ESG goals, including long-term carbon neutrality objectives post-Linzor's exit.

#### Compliance, Transparency & Data Security

The investment managers of the Linzor funds (Tacora Management Company Ltd. and Tacora Management Company II Ltd.) are registered with the U.S. Securities and Exchange Commission as exempt-reporting advisors and with the Cayman Islands Monetary Authority as excluded persons under the Securities Investment Business Law (2019 Revision) of

the Cayman Islands. Linzor's Code of Conduct, which employees are required to affirm annually, outlines our policies on insider trading, anti-money laundering, whistleblower complaints, professional conduct, and business integrity. Employees are strictly forbidden from engaging in insider trading. They must send advance notice to a designated compliance address when transacting in publicly traded securities of Latin American companies.

Our anti-money laundering and know-your-client (AML/KYC) program requires prospective investors in the Linzor funds to furnish different types of documentation (depending on the type of investing entity) and make representations regarding the beneficial owners of the subscribing limited partner. We use this information to run annual OFAC checks on our investor base and to fulfill FATCA and CRS reporting requirements.

We have a dedicated online channel to receive anonymous whistleblower complaints. Employees are

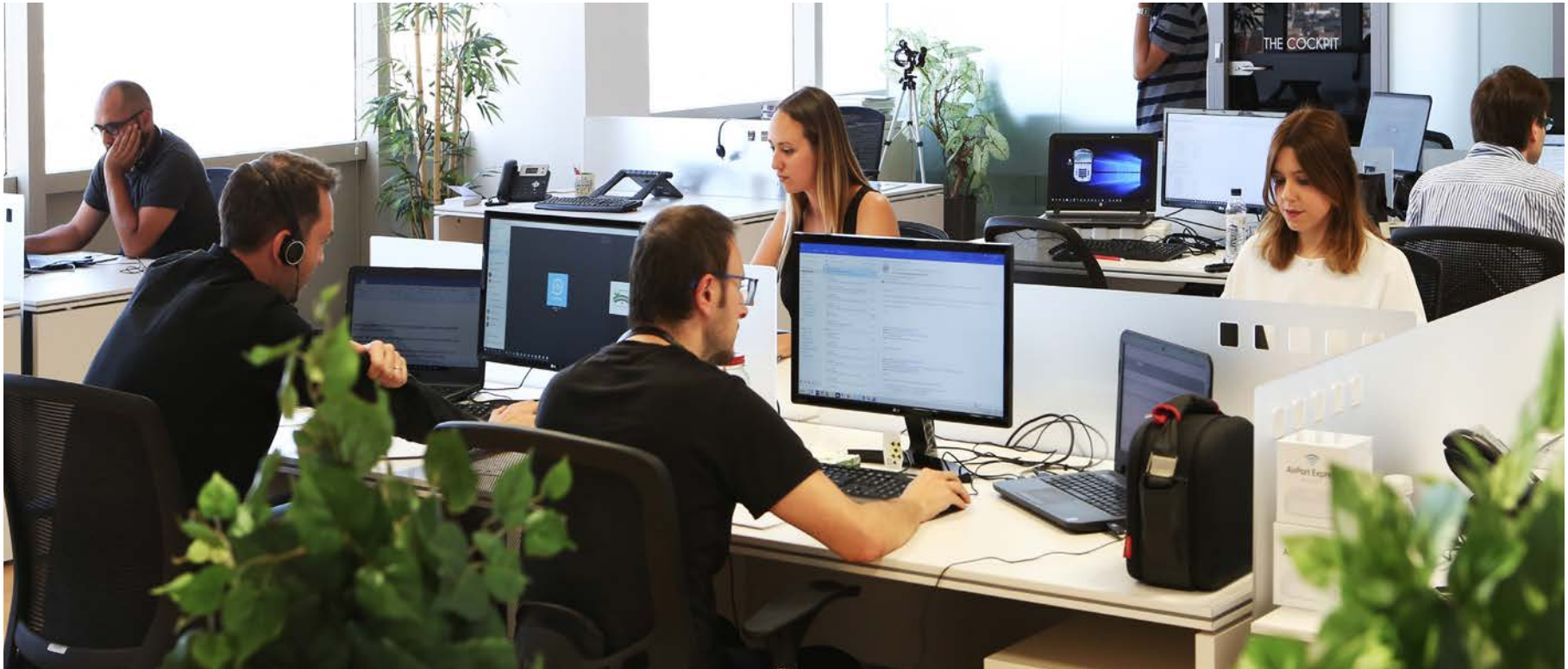
instructed to report any unusual activity or suspected violations of the Code of Conduct to their supervisor or through the anonymous whistleblower channel. Retaliation against whistleblowers is strictly prohibited.

We expect employees to conduct the firm's business in accordance with the highest ethical standards, respecting the firm's investors, suppliers, and other business counterparties, dealing responsibly with the firm's assets, and complying with all applicable legal and regulatory requirements. This includes a strict anti-corruption policy that prohibits offering, promising, or paying anything of value to influence any government or political official, directly or through any intermediary.

With regards to transparency, each Linzor fund provides its limited partners with financial statements, partner capital account statements and fund updates with relevant commentary on the performance of the portfolio, on a quarterly basis. Financial statements are audited







annually by a well-recognized international audit firm. Reports are distributed through a secure online investor platform to protect the confidentiality of such information and ensure investors' privacy.

We meet with investors annually during our Annual General Meeting ("AGM") to discuss the sta-

tus of each fund in more detail and answer investor inquiries. We also offer one-on-one calls or meetings proactively to any investor interested in additional information on our activities. Each Linzor fund has a Limited Partner Advisory Committee ("LPAC") that meets at least quarterly to review the performance of the fund's in-

vestments, upcoming investment opportunities, macroeconomic conditions in our markets, and any new developments concerning our team and organization. The LPAC is consulted on any matters that could pose a conflict of interest and other topics outlined in each fund's partnership agreement. Our quarterly fund updates and the

discussion materials prepared for AGM and LPAC meetings include a discussion of progress on ESG and impact initiatives and disclosure of any material ESG incidents.

Our IT policies and practices have been designed to protect the firm's operations from cybersecurity attacks and preserve the privacy

of the data we keep concerning our investors, portfolio companies, employees, and commercial partners. These policies and practices are continually updated to stay up to date on technological advances and new types of threats. Our staff also receives periodic training and reminders on cybersecurity and data privacy topics.



Exige tus derechos

# 03.

**PORTFOLIO  
OVERVIEW**

- LCP III
- LCP I & II
- Conclusion
- Areas for Improvement





# PORTFOLIO OVERVIEW

## Introduction

The Linzor portfolio is currently composed of twelve unrealized investments, six of which are in LCP III, our most recent fund. LCP III has invested in companies with significant impact and purpose by helping reduce the penetration gap in areas such as financial inclusion (Engen Capital), quality and affordable education (UIN and S4L<sup>2</sup>), affordable specialized healthcare (Uno Salud and Sies Salud), and access to technology (Mundo<sup>3</sup>, inConcert and Convertia). Because of the portfolio's clear impact potential and longer remaining investment horizon, LCP III has been the focus of our annual ESG and impact review process, described in the methodology section below.

Although closer to exit, many of the unrealized portfolio companies in our first two funds, LCP I and LCP II, are making progress in ESG-related initiatives and are carrying out business plans with significant impact potential. For example, Farmashop, the leading pharmacy chain in Uruguay, has implemented a nationally recognized environmental management program; Financiera Efectiva, the largest non-bank consumer finance player in Peru, is serving large numbers of underbanked clients; and Santo Tomas, a leading education group in Chile, offers affordable higher education to over 88 thousand students.

<sup>2</sup> Formerly known as UTEL

<sup>3</sup> Investment was exited in December 2021



### Linzor Portfolio Companies

#### HEALTHCARE



#### FINANCIAL SERVICES



#### FOOD



#### TELECOMMUNICATIONS



#### EDUCATION



#### TECHNOLOGY



#### PHARMACY RETAIL



#### RETAIL & FINANCIAL SERVICES



#### APPAREL RETAIL





# PORTFOLIO OVERVIEW

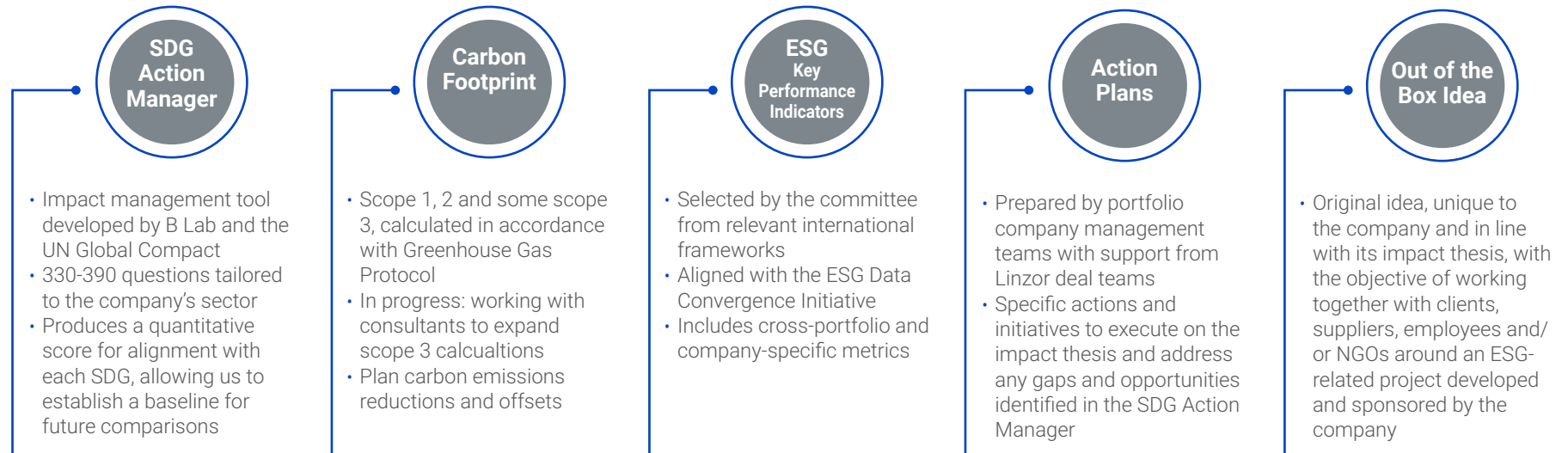
## LCP III Methodology

All LCP III portfolio companies have been undergoing an annual process to: (i) outline their impact thesis, (ii) measure and track key impact indicators, (iii) identify and mitigate risks, and (iv) establish an

action plan to pursue agreed-upon ESG and impact objectives, including climate action and diversity goals across the portfolio. As part of this process, portfolio companies use the SDG framework

to articulate their impact, the SDG Action Manager to quantify their alignment with the relevant SDGs and to establish quantitative targets, and a proprietary set of ESG indicators defined by Linzor.

## Elements of Linzor's ESG and Impact Review for Portfolio Companies



## PORTFOLIO OVERVIEW

### LCP III Methodology

Linzor's ESG and Impact Committee has held annual sessions with each company's management team and Linzor deal team to review progress on the action plans, including details on target score increases, impact indicators, carbon overviews, and flagship impact projects. These sessions have produced enriching conversations between companies' senior managers and the committee members, who have identified additional areas for improvement, contributed fresh ideas, and challenged management to set more ambitious targets. The Linzor deal team monitoring each investment follow up on these action plans continuously throughout the year as part of their board roles and during their interactions with management teams. For most portfolio companies, management compensation is linked to ESG objectives.

Additionally, in 2022 we initiated a series of video conferences for portfolio company management teams to share and highlight best practices in different environmen-

tal and social topics of relevance to a wide range of companies. Recent topics have included solar panel projects and environmental management.

Our approach has elevated ESG and impact considerations to top priority in each company, ensuring board-level and senior management buy-in for the initiatives in place and closer linkage of ESG and impact goals with the business strategy. The benefits for portfolio companies are numerous: stronger brand vis-à-vis clients and employees, competitive advantage or differentiated offering, cost savings (e.g., electricity, paper), closer relationships with surrounding communities, and moving a step ahead of changing regulations. This work has also been a source of motivation and drive for the management teams and employees, many of whom place significant value in working at a responsible company.

The main challenge has been collecting data, as some indica-

We aim to institutionalize the focus on ESG and impact within each portfolio company such that the action plans will continue after our exit.

# PORTFOLIO OVERVIEW

## LCP III Methodology

tors are not easy to measure year after year. In those cases, we seek alternatives that are both feasible and representative. For example, in our education companies we may conduct post-graduation surveys on a random sample of the alumni base rather than contacting all alumni. A second challenge is that given their size (revenues of US\$30 to 200 million), our companies typically do not have the budget for dedicated sustainability departments. These initiatives are instead executed by working groups formed by senior management, motivated employees who volunteer to participate, and Linzor deal team members. We aim to institutionalize the focus on ESG and impact within each portfolio company such that the action plans will continue after our exit. This is especially important when it comes to long-term de-carbonization goals, which require continued attention over a timeframe that is longer than our holding period.

Following our commitment to the Net Zero Asset Managers Initiative, we are in process of establishing Science-Based Targets for each portfolio company. We believe that obtaining validated Science-Based Targets at the portfolio company level will reinforce their commitment to those targets long past Linzor's exit.

We regard our methodology as a work-in-progress that will be fine-tuned over time, incorporating feedback from relevant stakeholders, including our limited partners, portfolio companies, financing providers, organizations like the Principles for Responsible Investment, and applicable reporting standards and guidelines.

In the following pages, we present a summary of each portfolio company's impact thesis and progress on their action plans, including improvements in SDG Action Manager scores and ESG KPIs.





# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview



### Leasing Platform for SMEs

- Financing > 3,500 SMEs with low banking penetration
- Financing of electric and hybrid vehicles, as well as solar panels
- 45% women in workforce
- Use of LED lighting
- 3 independent board members, including 1 woman
- TIP (Engen subsidiary) job creation: has 2.3x as many employees as at Linzor's entry in 2011

### Hybrid Higher Education

- Avg. US\$100/month tuition
- Avg. 25 months payback with salary increase
- 80-90% first generation university students
- Women in - workforce = 55% - student base = 59%
- 1 independent female board member
- 100% of professors covered by social security

### Online Ed-Tech

- Avg US\$100/month tuition
- 85% alumni employment rate, 2x national average wage
- NPS = 66
- Open admission, lower segment with 40-50% completion rates
- Helps digitalize traditional universities
- Low carbon footprint per student
- Job creation: employees have multiplied 5.25x since Linzor's entry

### Low-Cost BtC Fiber Optic

- Disruptor forcing incumbents to lower prices (15-20%) in broadband Internet
- Mobilized industry shift to FTTH deployment
- 32% of Chile's households covered
- 33% clients in cities <50k inhabitants, in many places the only FTTH option
- 1,600 clients free of charge (schools, fire stations...)
- 2.4x net job creation
- LAVCA 2021 Award for Social Responsibility

### Low-Cost Dental Chain

- 10-20% lower prices
- 100% free diagnosis
- 1.6% of Chilean population treated in 2021
- ~55% of patients from lower and middle class
- 61 clinics in 13/16 regions
- 83% women in workforce
- Provision of free dental care to vulnerable population

### Chronic Pathologies

- 0.4% HIV mortality rate vs. 1.6% national average
- 85.0% of HIV patients with undetectable viral load vs. national average of 83.7%
- <1% mother to child transmission
- 58k patients per month with 16+ interactions per year per patient
- NPS = 95%
- 5 nominations + 1st place in 2022 national quality awards
- Women in - workforce = 73% - top mgmt = 63%
- Solar panels on clinics

### Software as a Service

- One of the few proprietary SaaS platforms in LatAm
- Integrating digital marketing automation with omnichannel contact center
- Natively integrated
- 30-50% lower price vs US, Europe & Israel listed competitors
- Enables digital transformation adoption in LatAm
- Green energy data centers

# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### ENGEN CAPITAL

Country: Mexico

Industry: Financial Services

Investment Date: March 2016 (Engen), July 2019 (acquisition of TIP<sup>1</sup> by Engen)

**Impact Thesis:** Engen Capital's leading leasing platform gives companies access to credit to invest in capital expansion in the underpenetrated Mexican market. Engen also seeks to combat climate change, promote economic growth and foster a more diverse and inclusive work environment through a series of internal initiatives and programs.

#### Flagship Out-of-the-Box Initiatives<sup>2</sup>:

- Development of EcoLeasing by TIP, a specialized product to finance electric and hybrid cars. Using TIP's expertise in motor vehicle leasing, the company developed an affordable financing option in which the lease terms reflect the durability of the electric and hybrid technology.
- Integral program to support quality education in Mexico, including donation of computer equipment, scholarships for high school students, mentoring, community integration activities and construction of school halls.

<sup>1</sup> TIP is a vehicle leasing platform and a portfolio company of LCP I and LCP II since 2011. In 2019, TIP became a subsidiary of Engen.

<sup>2</sup> Please see Appendix for a summary of additional actions undertaken by the company in pursuit of its ESG and impact plans.

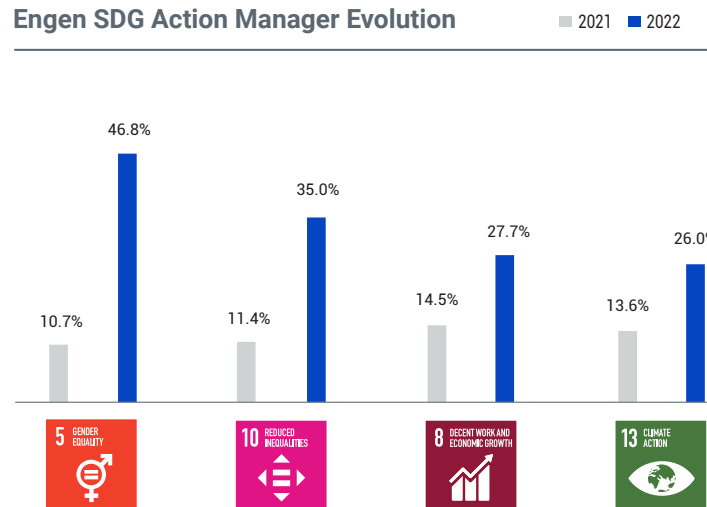
<sup>3</sup> SMEs are companies with annual revenues below US\$160 million.

<sup>4</sup> Loans with a positive environmental or social impact

<sup>5</sup> Average salary of women vs. men in the same positions, excluding top management

#### Progress Summary:

### Engen SDG Action Manager Evolution



### Key Performance Indicators

		2020	2021
Financial inclusion	% of SME <sup>3</sup> customers	84.0%	87.0%
Green Asset <sup>4</sup> origination	US\$mm	2.3	3.7
Green Asset origination	% of total origination	2.7%	3.1%
Gender pay gap <sup>5</sup>	%	n.a.	(9.0%)
Trailer wind deflector penetration	% of total units	0.4%	2.9%
Electric/hybrid fleet	% of employee fleet	1.0%	1.0%

# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

**Current challenges and gaps:** Engen's current carbon footprint covers only scope 1 and 2 and the business travel category of scope 3. However, as a financial services company, Engen's financed emissions (another scope 3 category) are expected to be material. Measuring these emissions is challenging because Engen finances many different types of assets with varying carbon intensity profiles (e.g., production machinery, vehicles, IT equipment), but the company is working with advisors to produce estimates for the most common equipment

types. As a first step to lower financed emissions, TIP Auto (an Engen subsidiary) launched a zero-emission leasing product, which bundles carbon offsets with its leases for traditional vehicles. The carbon offsets are UNFCCC Certified Emission Reductions (CERs) from a wind farm project in Mexico. Engen recognizes that carbon offsets will have to be phased out over time, as the vehicle fleet is gradually replaced with zero-emission alternatives, such as electric vehicles and alternative fuels.





# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### UNIVERSIDAD INSURGENTES

Country: Mexico

Industry: Higher Education

Investment Date: May 2017

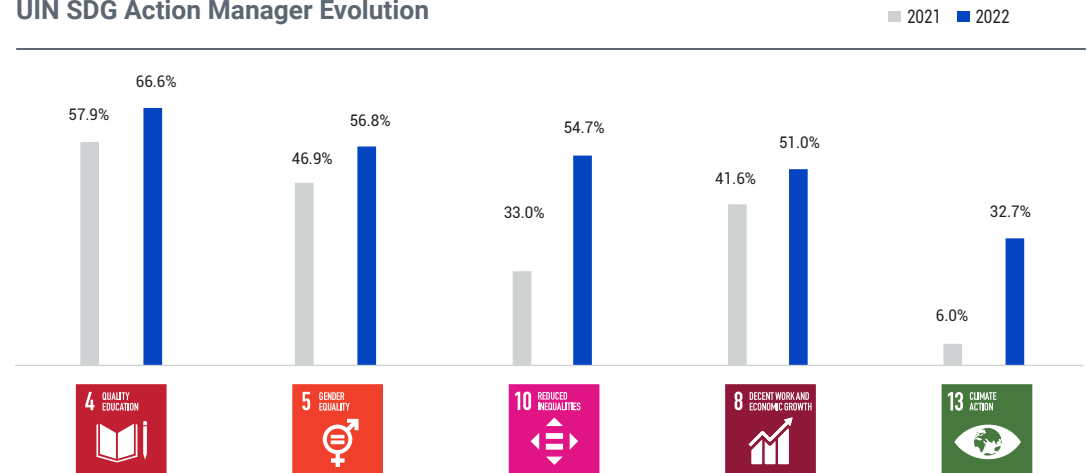
**Impact Thesis:** UIN offers quality and affordable education to lower economic segments of the population, mostly through campuses located in the greater Mexico City area, providing its students with the necessary tools for personal and economic growth, bolstering job formality, and reducing inequalities. Further, UIN leverages its vast community to promote sustainable development, inclusion, and equal opportunities.

#### Flagship Out-of-the-Box Initiative<sup>1</sup>

- Female empowerment program, fostering a community of successful and proactive women among UIN's stakeholders (employees, teachers, alumni, and current students) through the development of leadership skills and other key competencies based on shared experiences, mentorship programs, and net working sessions.

#### Progress Summary:

### UIN SDG Action Manager Evolution



#### Current challenges and gaps:

In order to better measure its impact, UIN seeks to track alumni employability, salaries, and payback metrics consistently year after year, but given its status

as a low-cost, medium-sized player, the company must adapt to certain budget constraints. UIN also has the challenge of reducing the consumption of electricity and water in its 24

urban campuses. A pilot solar panel project is underway, and if feasible, the goal is to implement solar energy across all the facilities in order to reduce reliance on the electric grid.

<sup>1</sup> Please see Appendix for a summary of additional actions undertaken by the company in pursuit of its ESG and impact plans.

# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### KEY PERFORMANCE INDICATORS

		2020	2021
Total active students	Students	22,050	21,351
Male students	%	41.0%	41.0%
Female students	%	59.0%	59.0%
Female staff members	%	62.0%	55.0%
Student population receiving total or partial scholarship	%	16.0%	10.0%
Students who work while studying	%	65.0%	69.0%
First generation students <sup>1</sup>	%	85.0%	85.0%
Employability rate of students 9 months after graduation	%	70.0%	75.0%
Payback period based on post-graduation salary increase <sup>2</sup>	Months	25.5	25.5
Students employed via UIN job portal	Students	n.a.	426
Spread between average tuition increase and general country inflation	%	(3.1%)	(1.4%)
ARPS <sup>3</sup>	MXN/student	2,219	2,288
Faculty holding a higher degree than the one they are imparting	%	44.0%	42.0%
Employees holding a higher education degree	%	n.a.	81.4%
Workforce covered by social security	%	100%	100%
Third party accreditation	Y/N	Y	Y

<sup>1</sup> Study carried out in 2020.

<sup>2</sup> Study carried out in 2019.

<sup>3</sup> ARPS: average revenue per student per month.



# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### S4L (PREVIOUSLY UTEL)

**Countries:** Headquarters in Mexico, presence in 14 additional countries in LatAm and 3 countries in Southeast Asia.

**Industry:** Online Higher Education

**Investment Date:** May 2018

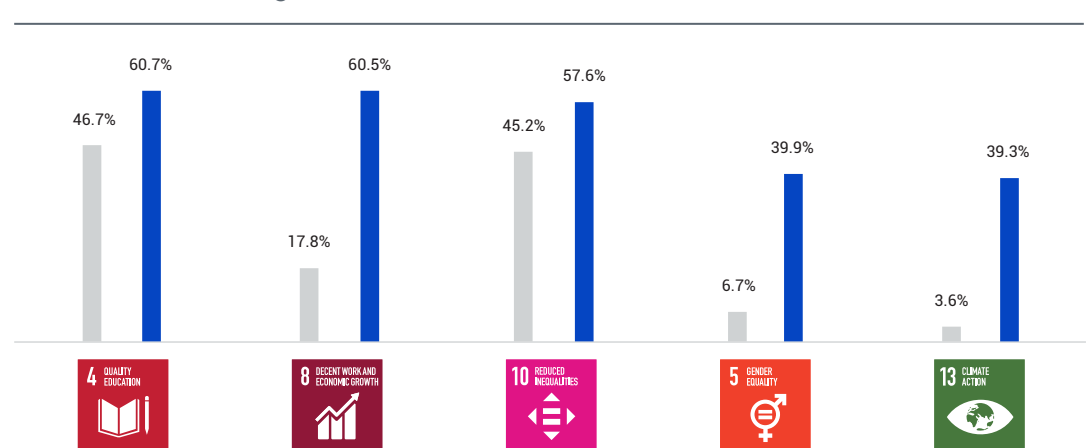
**Impact Thesis:** Pure online higher education, reskilling and upskilling business model allows the Company to generate a positive environmental and social impact by providing 18 to 60 year-old people from 18+ emerging countries access to quality, flexible and affordable higher education, enabling working adults to improve their earning potential and career development, thus contributing to inclusive growth and social mobility while limiting carbon emissions.

### Flagship Out-of-the-Box Initiatives<sup>1</sup>:

- We Are Responsible UCamp, a full scholarship program for a web development bootcamp for individuals from marginalized communities. Online courses are delivered to students at the premises of Ciudad Retoño, an NGO-sponsored community center that promotes social mobility in one of the poorest and highest density areas of Mexico City.
- Volunteering program for company employees at Tepeyac National Park. Main activities are forest fire prevention, general maintenance and cleaning, and upkeep of the park's vegetable plot.
- UTEL X Sustainability Diploma, a massive online open course (MOOC) about the UN's Sustainable Development Agenda and its applications. The program shares the testimony of NGOs and businesses working towards each goal, with a call for action at the end.

### Progress Summary:

#### S4L SDG Action Manager Evolution



<sup>1</sup> Please see Appendix for a summary of additional actions undertaken by the company in pursuit of its ESG and impact plans



# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### KEY PERFORMANCE INDICATORS

		2020	2021
Total active students	Students	45,253	65,796
Male students	%	50.5%	51.0%
Female students	%	49.5%	49.0%
Female staff members	%	63.0%	64.3%
Student population receiving total or partial scholarship	%	100.0%	100.0%
Students who work while studying	%	79.0%	76.0%
Employability rate of students 9 months after graduation	%	n.a.	85.0%
Spread between average tuition increase and general country inflation	%	1.9%	(4.6%)
NPS <sup>1</sup>	%	66.0%	66.0%
ARPS <sup>2</sup>	MXN/student	2,208	2,455
Faculty holding a higher degree than the one they are imparting	%	38.0%	55.0%
Employees holding a higher education degree	%	n.a.	58.0%
Workforce covered by social security	%	100.0%	100.0%
Third party accreditation	Y/N	Y	Y

#### Current challenges and gaps:

S4L must capture additional demographic data and employment outcomes on its student base to better calibrate its offering and assess the extent of its impact on students. To this end, the company is in the process of implementing student and alumni surveys to

track new indicators, such as students who are in the first generation of their families to attend university, those who come from single-parent homes, and those who are part of underrepresented groups in their fields, as well as employability and salary statistics.

<sup>1</sup> NPS: net promoter score.

<sup>2</sup> ARPS: average revenue per student per month.



# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### MUNDO

Country: Chile

Industry: Telecommunication

Investment Date: September 2019

Exit Date: December 2021

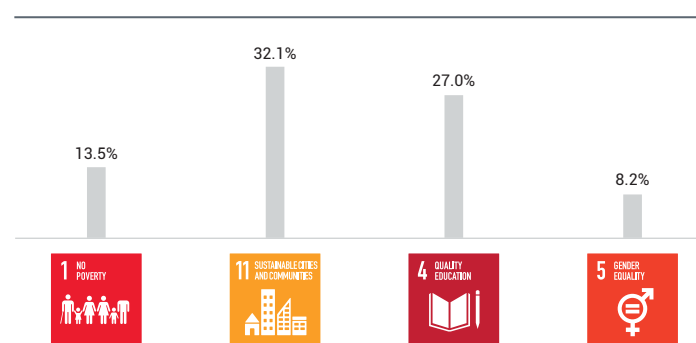
**Impact Thesis:** Mundo's low-cost fiber broadband services business generates a positive social impact by increasing the availability and accessibility of fast and reliable internet connections for underserved populations, thus providing access to wider opportunities for human development.

#### Flagship Out-of-the-Box Initiatives<sup>1</sup>:

- Offering free connectivity to indigenous communities and locations throughout Chile, donating computer equipment and providing training for their use through Mundo employees.
- Community service program for Mundo employees to contribute innovative solutions to specific community problems, such as lack of connectivity, training in internet use, access to clean water, among others.
- "Mundo Te Conecta" (meaning "Mundo Connects You") contest offering free connectivity to schools, institutions, NGOs and other community associations.

#### Progress Summary:

##### Mundo SDG Action Manager Evolution



<sup>1</sup> Please see Appendix for a summary of additional actions undertaken by the company in pursuit of its ESG and impact plans.

# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### KEY PERFORMANCE INDICATORS

		2019	2020
Fixed internet broadband penetration in Chile <sup>1</sup>	%	50.4%	54.3%
Mundo's homes passed / total households in Chile	%	16.9%	28.9%
Fixed internet broadband subscriptions per 100 inhabitants in the country	%	17.8%	19.4%
Mundo subscribers	('000)	272.3	450.2
Mundo clients in cities with <50k population	%	NA	33.0%
Affordability (discount in price relative to peers)	%	30-35%	15-20%
Mundo's clients served with FTTH <sup>2</sup>	%	64.0%	82.0%
Recovered CPE <sup>3</sup>	%	n.a.	31.0%
Clients receiving free services as part of Mundo community engagement	Clients	1,100	1,296

<sup>1</sup> Fixed internet broadband penetration is calculated as Total # of broadband connections / Total Households in Chile

<sup>2</sup> Fiber to the Home

<sup>3</sup> Customer premises equipment

### Challenges and gaps at exit:

Mundo was an early exit for Linzor because of the success of its expansion plan, which enabled us to implement the business plan in an accelerated timeframe and attracted significant interest from potential buyers. As a result of the relatively short holding

period, a number of initiatives in the ESG and impact action plan were still pending or maturing at the time of Linzor's exit, but are still being executed given continuity of the top management team and supportive new ownership.

The company has continued recruiting women for its female technician squad and has begun installing solar panels in some hubs. The project to provide free connectivity to remote indigenous communities continues developing too.



# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### UNO SALUD

Country: Chile

Industry: Healthcare

Investment Date: December 2020

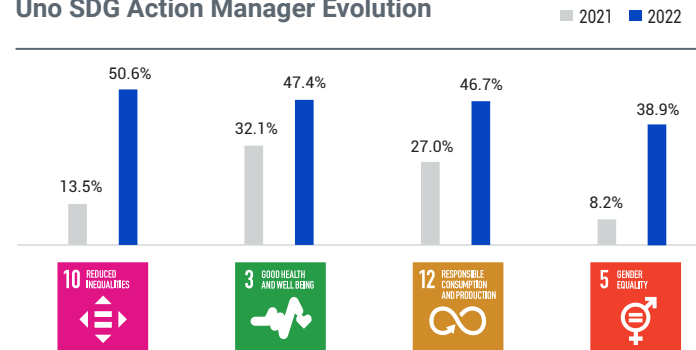
**Impact Thesis:** Uno Salud's core mission of providing high quality dental services at affordable prices is based on the premise of democratizing oral health and providing equal opportunities across all socioeconomic levels, which goes together with the company's commitment to granting job opportunities for recent graduates and remaining deeply involved throughout the formation of young professionals. At Linzor's entry, the company provided quality dental care to approximately 250 thousand patients per year across 59 clinics. Uno Salud expects to double its clinic footprint and covered population during the fund's holding period.

#### Flagship Out-of-the-Box Initiatives<sup>1</sup>:

- Health and dental care programs in underserved communities in association with local NGOs. The program has benefitted 337 individuals since its launch in 2021
- Scholarship program for dentists pursuing specialization degrees and interested in relocating to underserved communities post-graduation.

#### Progress Summary:

#### Uno SDG Action Manager Evolution



<sup>1</sup> Please see Appendix for a summary of additional actions undertaken by the company in pursuit of its ESG and impact plans.



# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### KEY PERFORMANCE INDICATORS

		2020	2021
Total number of patients treated at Uno Salud	Patients	216,994	307,178
Total number of procedures conducted at Uno Salud	Patients	1,148,700	1,914,691
0-15 years	Patients	32,660	49,288
15-30 years	Patients	61,131	79,194
30-50 years	Patients	79,114	111,404
50+ years	Patients	44,088	67,292
Coverage: population reached through Uno Salud's network <sup>1</sup>	%	1.15%	1.62%
Free diagnosis	%	100%	100%
Free dental care procedures	#	0	84

<sup>1</sup>Patients treated by Uno Salud out of the total population

#### Current challenges and gaps:

Inflationary pressures and stagnant economic growth may limit Uno Salud's ability to remain affordable for patients on the lower end of the socioeconomic spectrum. If this environment persists, some of these patients may end up opting for cheaper, lower-quality providers instead.

The company's challenge is to raise overall prices to protect margins while at the same time offering alternative more affordable treatments to patients with tighter budgets.



# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### SIES SALUD

Country: Colombia

Industry: Healthcare

Investment Date: December 2020

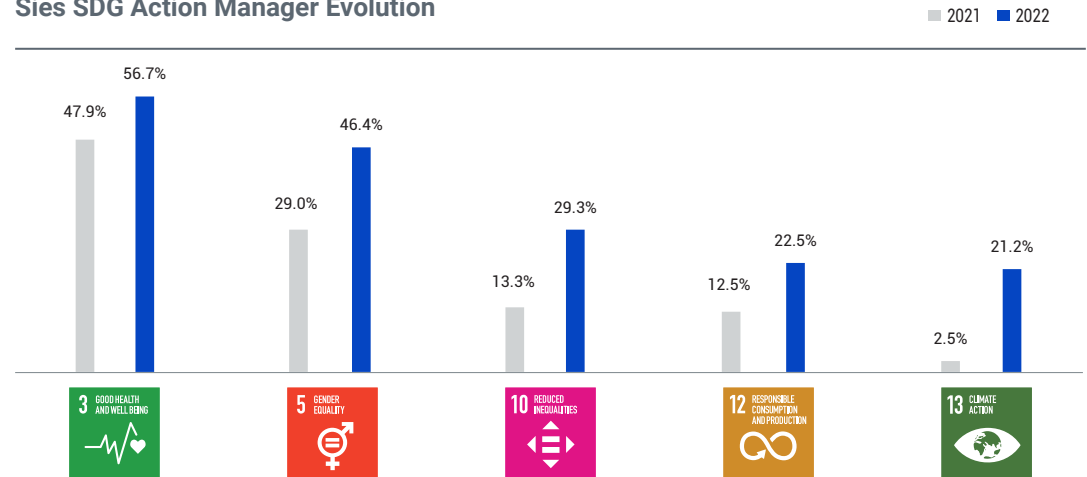
**Impact Thesis:** Sies Salud's business model is focused on providing health and wellness to patients with 1) chronic pathologies including HIV, chronic kidney disease, autoimmune diseases and hepatitis C; 2) primary care; and 3) palliative care. In doing so, Sies impacts the health and well-being of its patients, their families and the community at large.

#### Flagship Out-of-the-Box Initiative<sup>1</sup>:

- Social investment projects focused on women in two low-income regions of Colombia, La Guajira and Chocó. The projects are focused on: (i) providing mental health care training to the local communities and (ii) instituting sustainable, income-generating programs and food security ventures, in partnership with two foundations, Mamita Santa María and Mujer y Vida. The initiative is expected to impact a total population of 400+ women during 2022.

#### Progress Summary:

### Sies SDG Action Manager Evolution



<sup>1</sup> Please see Appendix for a summary of additional actions undertaken by the company in pursuit of its ESG and impact plans.

# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### KEY PERFORMANCE INDICATORS

		2020	2021
Patients under HIV preventive therapy <sup>1</sup> (PrEP)	Patients	324	327
HIV undetectability <sup>2</sup> (at Sies)	% of patients treated	81.8%	85.0%
HIV undetectability (national average)	% of patients treated	80.0%	83.7%
Patients treated by Sies			
HIV	Patients	19,282	23,596
Hepatitis C	Patients	56	94
Chronic kidney disease	Patients	2,277	3,555
Other chronic pathologies	Patients	3,892	3,693
SIES patients funded by the mandatory national healthcare system	%	100.0%	100.0%
Mortality % in HIV patients (treated by Sies)	% of total patients	n.a.	0.4%
Mortality % in HIV patients (national average)	% of total patients	1.32%	1.57%
Average annual HIV treatment cost (at Sies)	USD/year	772.6	802.5
Preventable hospitalizations (at Sies)	Patients	121	114
Mother to child transmission (at Sies)	%	0.0%	0.9%

<sup>1</sup> Therapy to prevent HIV infection

<sup>2</sup> HIV virus is reduced to undetectable levels in conventional tests, the virus is not entirely eliminated but reduces the probability of transmission

#### Current challenges and gaps:

Sies is pursuing a wide variety of projects ranging from health initiatives for its patients and employees to social investment projects in vulnerable communities, as well as environmental measures aimed at reducing energy consumption and paper use. The company's key

challenge will be to deliver on this ambitious action plan, which requires balancing competing priorities. In addition, there is space to improve gender diversity at the top level of Sies' governance: women comprise 73% of the company's workforce, 63% of its senior management, but currently 0% of its board.



# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### INCONCERT AND CONVERTIA

**Country:** Headquarters in Uruguay, with operations in LATAM, the USA and Spain

**Industry:** Software as a Service

**Investment Date:** January 2022

**Impact Thesis:** inConcert's and Convertia's technology and know-how enables the digital sale and engagement of companies with customers in a more direct and organized manner, bridging the digital divide and driving economic growth at competitive prices for companies of all sizes.

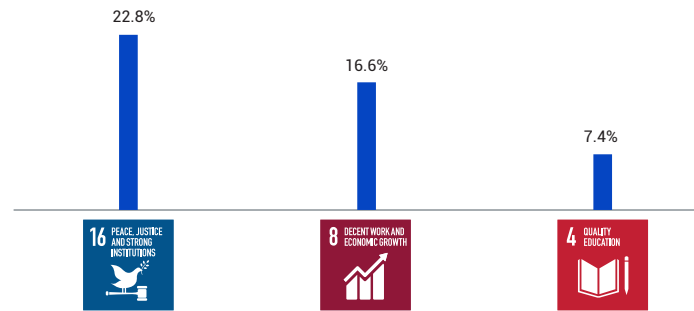
#### Flagship Out-of-the-Box Initiative<sup>1</sup>:

- Help NGOs and impact-driven SMEs migrate to the digital economy by providing consulting services in digital marketing, lead generation, nurturing and conversion (Convertia's core know-how) while also providing them access to inConcert's technology suite.

#### Progress Summary:

### inConcert and Convertia SDG Action Manager Evolution

■ 2022



### KEY PERFORMANCE INDICATORS

	2021	
Use of customer information for secondary purposes	Y/N	N
Monetary loss related to data privacy	%	0%
Instances of disclosure of user data upon government request	#	0
Users affected by data breaches	%	0%
Uptime <sup>1</sup>	%	99.97%
% green energy in data centers	%	100%

<sup>1</sup>Time the platform/service is active

<sup>1</sup> Please see Appendix for a summary of additional actions undertaken by the company in pursuit of its ESG and impact plans.



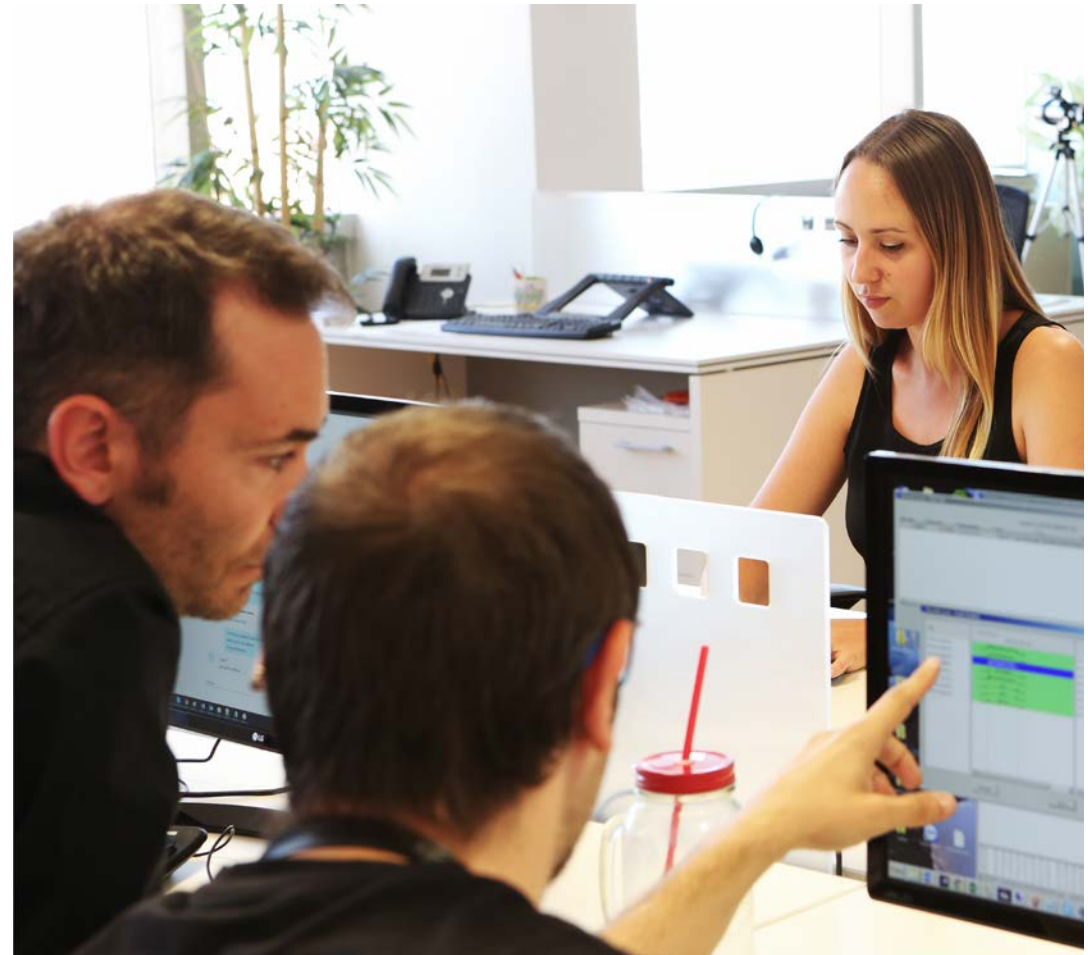
# PORTFOLIO OVERVIEW

## LCP III Portfolio Overview

### Current challenges and gaps:







As technology companies that passed through the start-up stage not long ago, InConcert and Convertia have a bigger challenge than the typical Linzor portfolio company in terms of adapting to the governance, processes, and ESG policies that we require as controlling shareholder. In addition, InConcert and Convertia are still going through a period of fast organizational growth. In order to strengthen and preserve






their main asset, the technological know-how of the team, the company must devote sufficient time and resources to onboard and train new employees and to develop existing talent. Moreover, the sectors in which they operate -technology, digital marketing and contact centers- are known for high employee turnover and uneven gender representation, which poses additional challenges that management will be looking to address with support from Linzor.



# PORTFOLIO OVERVIEW

## LCP III Portfolio / SDG Action Manager Scores

	1 NO POVERTY 			3 GOOD HEALTH AND WELL BEING 			4 QUALITY EDUCATION 			5 GENDER EQUALITY 			7 AFFORDABLE AND CLEAN ENERGY 			8 DECENT WORK AND ECONOMIC GROWTH 		
	2021	2022	Var.	2021	2022	Var.	2021	2022	Var.	2021	2022	Var.	2021	2022	Var.	2021	2022	Var.
Engen										11%	47%	36%	14%	31%	17%	15%	28%	13%
UIN							58%	67%	9%	47%	57%	10%				42%	51%	9%
S4L							47%	61%	14%	7%	40%	33%				18%	61%	43%
Mundo	32%	N.A. <sup>1</sup>								1%	N.A. <sup>1</sup>							
Sies Salud				48%	57%	9%				29%	46%	17%						
Uno Salud				32%	47%	15%				8%	39%	31%						
InConcert																N.A. <sup>2</sup>	17%	
Convertia																N.A. <sup>2</sup>	27%	
<b>Weighted Average</b>	<b>32%</b>			<b>36%</b>	<b>50%</b>	<b>14%</b>	<b>52%</b>	<b>63%</b>	<b>11%</b>	<b>12%</b>	<b>45%</b>	<b>29%</b>	<b>14%</b>	<b>31%</b>	<b>17%</b>	<b>21%</b>	<b>35%</b>	<b>20%</b>

	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 			10 REDUCED INEQUALITIES 			12 RESPONSIBLE CONSUMPTION AND PRODUCTION 			13 CLIMATE ACTION 			16 PEACE, JUSTICE AND STRONG INSTITUTIONS 		
	2021	2022	Var.	2021	2022	Var.	2021	2022	Var.	2021	2022	Var.	2021	2022	Var.
Engen				11%	35%	24%				14%	26%	12%			
UIN				33%	55%	22%				6%	33%	27%			
S4L				45%	58%	12%				4%	39%	36%			
Mundo	30%	N.A. <sup>1</sup>		23%	N.A. <sup>1</sup>										
Sies Salud				13%	29%	16%	13%	23%	10%	2%	21%	19%			
Uno Salud				14%	51%	37%	27%	47%	20%						
InConcert													N.A. <sup>2</sup>	23%	
Convertia													N.A. <sup>2</sup>	24%	
<b>Weighted Average</b>	<b>30%</b>			<b>21%</b>	<b>45%</b>	<b>24%</b>	<b>23%</b>	<b>41%</b>	<b>17%</b>	<b>9%</b>	<b>30%</b>	<b>21%</b>		<b>23%</b>	

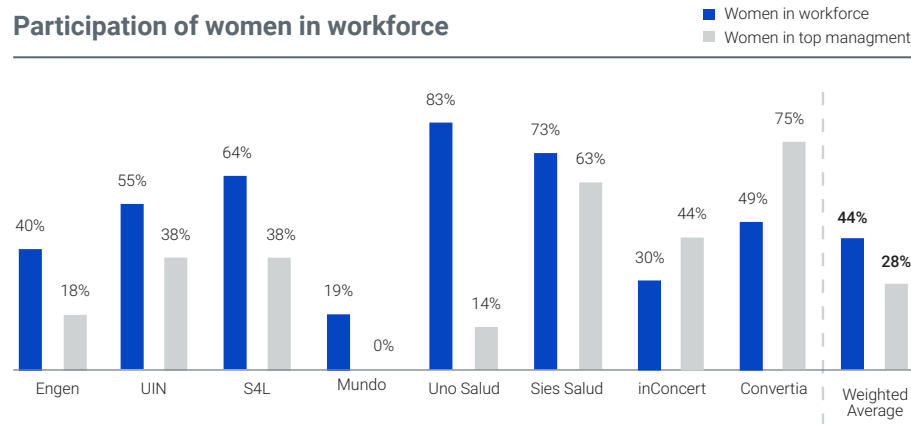
Notes: (1) Mundo exited the portfolio in 2021. (2) InConcert and Convertia entered the portfolio in 2022.

# PORTFOLIO OVERVIEW

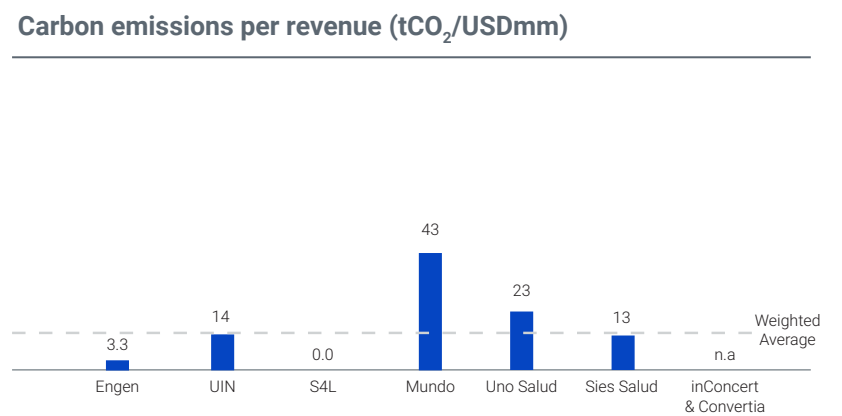
## LCP III Portfolio / ESG Key Performance Indicators

For the year ended December 31, 2021

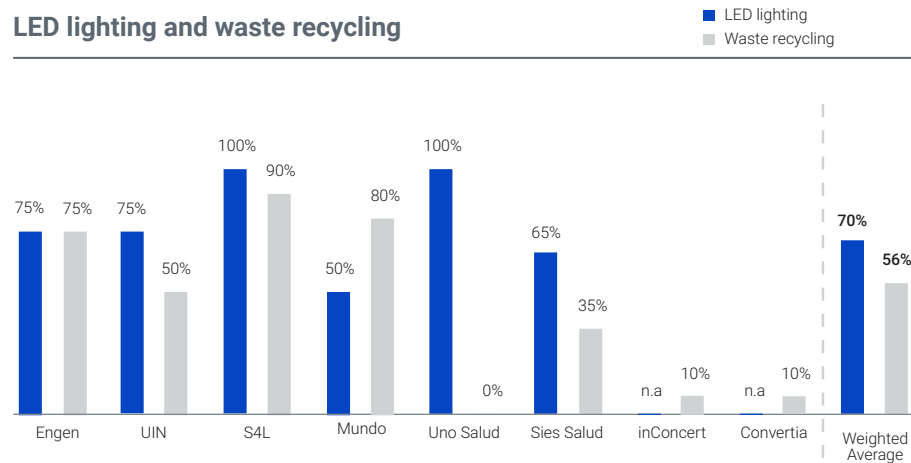
### Participation of women in workforce



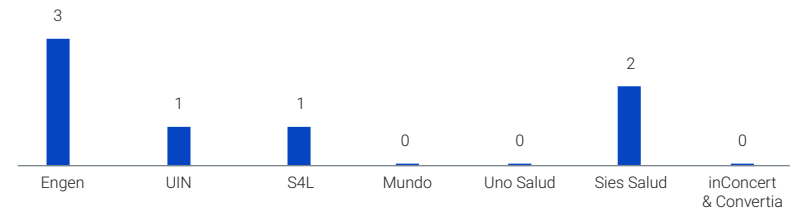
### Carbon emissions per revenue (tCO<sub>2</sub>/USDmm)



### LED lighting and waste recycling



### Number of independent board members



#### % independent board members who are women

33%	100%	0%	NA	NA	0%	NA
-----	------	----	----	----	----	----

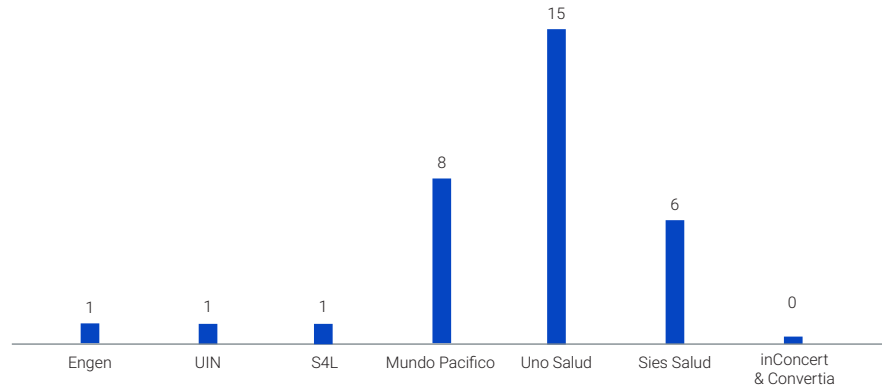
Note: Uno Salud and inConcert & Convertia added female independent board members in 2022

# PORTFOLIO OVERVIEW

## LCP III Portfolio / ESG Key Performance Indicators

For the year ended December 31, 2021

### Number of serious work-related accidents per 1,000 employees



Note: Serious work-related accidents defined as those generating an absence of 15 or more working days. There were zero work-related fatalities in these companies.

### GOVERNANCE BEST PRACTICES

Portfolio Company	Audit Committee	HR Committee	Internationally recognized independent audit	Management option plan	Whistleblower policy	Social security coverage
Engen	●	●	●	●	●	●
UIN	●	●	●	●	●	●
S4L	●	●	●	●	●	●
Mundo	●	●	●	●	●	●
Uno Salud	●	●	●	●	●	●
Sies Salud	●	●	●	●	●	●
inConcert & Convertia	●	●	●	●	●	●

Note: UIN Audit and HR committees are under implementation in 2022. Governance practices for inConcert & Convertia are shown prior to Linzor ownership. Full implementation of best practices is in progress in 2022.



# PORTFOLIO OVERVIEW

## LCP I & II Methodology

In our first two funds, we have monitored ESG performance since 2017 through a more condensed list of cross-portfolio indicators that we gather annually from portfolio company management, discuss in our investment committee as part of portfolio reviews, and report to investors during annual meetings. From their positions in the board of each company and through ongoing direct interactions with management, our investment professionals constantly challenge the portfolio

companies to improve their performance on ESG matters, such as energy efficiency, recycling, waste management, diversity in senior management and overall employee base, work accidents, employee turnover, community engagement, and best practices for corporate governance.

The managers of LCP I & II portfolio companies have also participated in the series of video conferences initiated in 2022 to share and highlight the top envi-

ronmental and social initiatives underway across the portfolio. One of those calls was led by the managers of an LCP II portfolio company, Farmashop, which received the National Environment Award in 2021 granted by the Uruguayan government for its comprehensive environmental management program.

In the following pages, we present a summary of the material ESG developments in each portfolio company over the past year.

In our first two funds, we have monitored ESG performance since 2017



# PORTFOLIO OVERVIEW

## LCP I & II Portfolio Overview

### FARMASHOP

Country: Uruguay

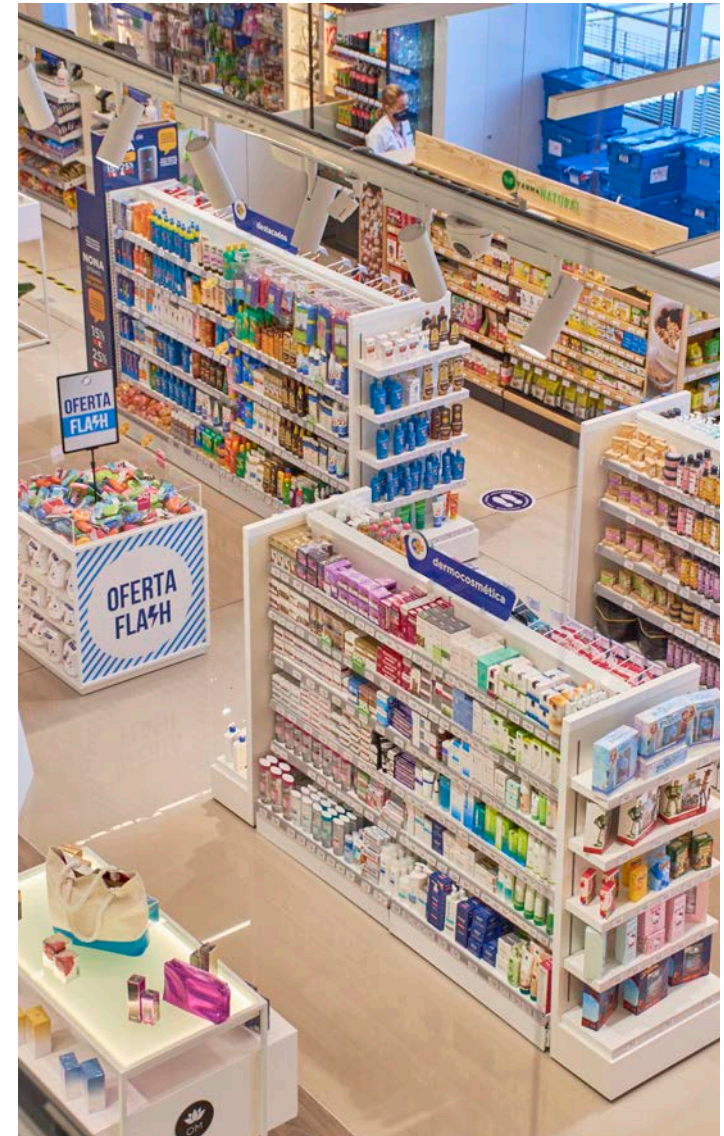
Industry: Pharmacy Retail

Investment Date: January 2013

- The “Farmashop Más Verde” (meaning “Greener Farmashop”) program was launched in 2021 after an internal ESG assessment. The plan includes employee training, awareness campaigns, a KPI dashboard and supplier policies.
- » KPIs tracked include consumption of fuel, water and electricity, renewable energy, waste generation, percentage of waste classified and recycled, and greenhouse gas emissions.
- » Solar panels were installed in Farmashop’s distribution center.
- » Farmashop received Uruguay’s National Environmental Prize in 2021, granted by the Ministry of the Environment for its comprehensive resource management program.
- » The company received the ISO 14001 certification for environmental management in 2022.
- » The company installed a pilot e-fill machine in one of its stores to promote the reuse of plastic bottles for detergents and soap.
- » As part of its paperless invoice policy, Farmashop has committed not to receive any printed invoices and will stop working with suppliers that are unable to provide electronic invoices.
- In 2021, Farmashop initiated a program to support local suppliers offering sustainable and disruptive brands, particularly in the wellness market. This initiative will help incubate local small businesses in exchange for exclusivity.
- In 2021, Farmashop was ranked by the Employers for Youth Association as the #2 top employer in Latin America out of a universe

of 700+ companies.

- In 2022, Farmashop obtained the 15th place in the MERCO (“Corporate Reputation Business Monitor”) ranking in Uruguay, which evaluates companies that stand out for their ethics and corporate responsibility, quality of their commercial offer, and innovation, among others.





# PORTFOLIO OVERVIEW

## LCP I & II Portfolio Overview

### KOMAX

Country: Chile

Industry: Apparel Retail

Investment Date: March 2014

In 2022, Komax underwent a sustainability assessment based on GRI standards. The company identified opportunities to contribute to the following SDGs:

- » SDG #5 Gender Equality: promoting gender diversity within its employee base
- » SDG #7 Clean Affordable Energy: implementing energy efficiency initiatives on its premises
- » SDG #8 Decent Work & Economic Growth: offering high quality employment and ensuring development opportunities for employees, going beyond the minimum legal requirements
- » SDG #12 Responsible Consumption & Production: improving the efficiency of its products and use of resources in its operations, promoting sustainable lifestyles

» SDG #17 Partnerships for the Goals: creating alliances with different organizations to generate a larger social, environmental and economic impact.

Most of Komax's licensors are well-known global apparel brands with relevant ESG initiatives underway. For example:

- » Mammüt: "Together for Glaciers" program, which seeks to conserve glaciers, is supporting the Cochamó Valley Organization's conservation program in Southern Chile.
- » Brooks Brothers: "#NoLaBotes" (meaning "#Don'tThrowItAway") Campaign, aims to recycle and reuse fabric from second-hand shirts brought in by customers in exchange for a discount. Shirts in good condition are donated to a local NGO that supports



# PORTFOLIO OVERVIEW

## LCP I & II Portfolio Overview

female artisans from different communities across Chile, while the rest is repurposed as insulation material for buildings.

» Gap: The Personal Advancement & Career Enhancement (PACE) program is an educational initiative helping women who make its products further develop their skills, knowledge, confidence and resilience. Gap Inc. estimates

that by 2022, one million women will have participated in PACE.

» The North Face, Polo and Marmot have eliminated single-use packaging, replacing them with recycled, reused or sustainably sourced alternatives.

» The North Face, Brooks Brothers and UGG are implementing circular economy models, such as

in-store recycling of used apparel in exchange for discounts and reuse of returned or second-hand items.

» GAP, D&C Shoes, Banana Republic, Polo, The North Face, Marmot and Mammut are gradually shifting towards sustainable raw materials, using fabrics that are recycled, renewable or responsibly sourced.

Two of Komax's own brands are implementing ESG initiatives locally:

» Kivul (outdoor apparel and gear): collects fleece fabric and donates it to an indigenous community in Chile's Araucania region.

» Stoked (surfing suits and gear): uses innovative sustainable materials in its products, including

limestone and recycled rubber, plastic and fabrics. It launched a campaign that collects and repairs used surfing suits for subsequent donation to surf schools throughout Chile. Komax staff has volunteered for beach cleaning operations.





# PORTFOLIO OVERVIEW

## LCP I & II Portfolio Overview

### SANTO TOMAS

Country: Chile

Industry: Education

Investment Date: August 2009

- During academic year 2022, Santo Tomas' university and professional institute started enrolling students under the free tuition benefit provided by the Chilean government. The institutions became eligible for this benefit after achieving the required accreditation status in their last evaluation. This resulted in significant YoY growth in total enrollment: 22.9% at the university and 12.4% at the professional institute. A similar jump in enrollment was observed last year at Santo Tomas' technical education centers, which became eligible for the free tuition benefit one year earlier based on their year of re-accreditation.
- The students who are receiving the free tuition benefit belong to the bottom 60% socioeconomic segment in Chile and represent 72% of total enrollment at Santo Tomas' technical education centers, 55% at its professional institute and 49% at its university. This includes both first-year and existing students at each institution.



# PORTFOLIO OVERVIEW

## LCP I & II Portfolio Overview

### GRUPO EFE

Country: Peru

Industry: Retail and Consumer Finance

Investment Date: December 2012

• Since 2017, Financiera Efectiva has gone through a digital transformation process that has improved its clients' and employees' experience and has allowed them to better serve the underbanked Peruvian low and middle-income population

- » The client onboarding process can be performed in 10 minutes
- » Efectiva's analytic capabilities allow them to pre-qualify 4 million monthly loans in two hours, a process that used to take two weeks in 2017
- » As a result, Efectiva's gross loan book has grown from PEN 500 million in 2017 to PEN 1,093 million as of Jul'22



# PORTFOLIO OVERVIEW

## LCP I & II Portfolio Overview

### PAGNIFIQUE

Country: Regional

Industry: Food

Investment Date: October 2013

- Pagnifique Uruguay runs the program "First Work Experience" in alliance with Fundación Forge to place young people from disadvantaged backgrounds in qualified jobs.
- In alignment with its non-discrimination policy, in 2022, the company started including in its job listings an invitation to members of the LGBTQ+ community to apply for open positions.
- Pagnifique Uruguay has a strategic alliance with Banco de Alimentos (Uruguayan food bank) to donate remaining product at the close of business, thereby collaborating with the community and minimizing food waste. Donations amount to approximately 8.4 tons per

month. In addition, the company supports Fundación Perez Scremini (Uruguayan NGO dedicated to the cure of children's cancer), donating products to be used in their fundraising campaigns.

- Pagnifique Mexico has donated bread to Fundación Nutrición y Vida (Mexican food bank benefiting over 60,000 persons per month through food deliveries), Comedor Santa María (NGO that provides daily meals to 10,000 lower income children in Mexico tied to school attendance), Desarrollo Integral de la Familia (government agency that coordinates public and private assistance for lower income families), and Cruz Roja Mexicana (Mexican Red Cross).

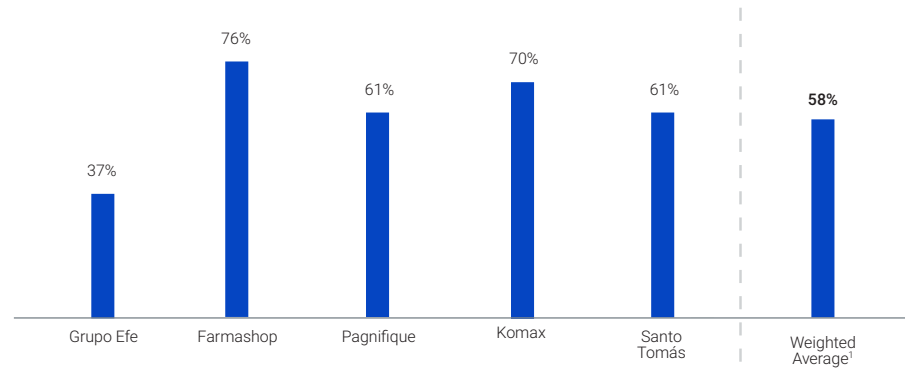


# PORTFOLIO OVERVIEW

## LCP I & II Portfolio Overview / ESG Key Performance Indicators

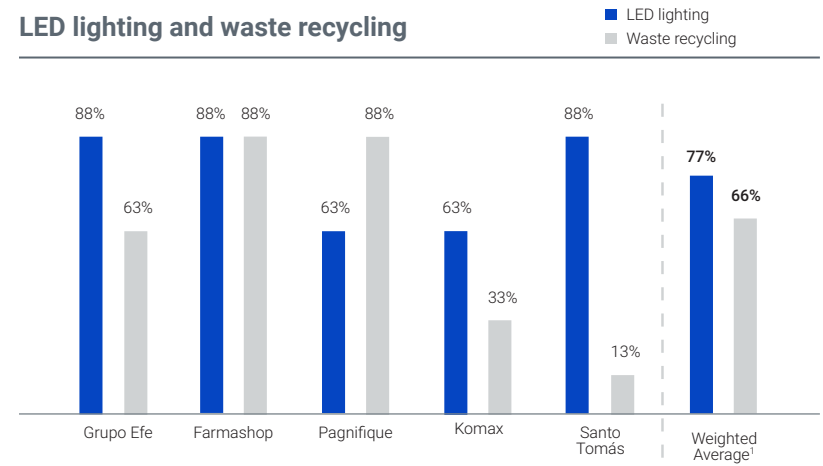
For the year ended December 31, 2021

### Participation of women in workforce

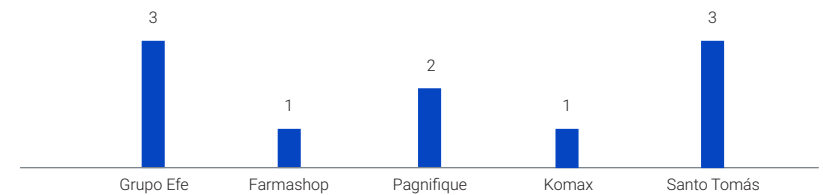


<sup>1</sup> Weighted average also includes data for Engen and TIP (metrics shown in the LCP III Portfolio Overview), as these companies are present in several LCP funds

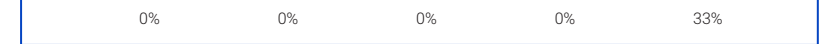
### LED lighting and waste recycling



### Number of independent board members



### % independent board members who are women





We are convinced that this investment strategy helps us create value and mitigate risk in the portfolio, and the positive effects are already evident in our latest fund.

As can be gleaned from this report, the Linzor investment team and our portfolio company managers are devoting significant time and effort to brainstorming, refining and executing a number of actions, ranging from implementing basic ESG best practices to pursuing ambitious impact goals. While following ESG guidelines has become a staple in the private equity industry (a move that we applaud), we do not stop there. Rather, we place an even higher emphasis on: (i) picking investments with a high impact potential defined in alignment with one or more

SDGs, (ii) using our influence as a control investor to execute on that potential, (iii) measuring the outcomes, and (iv) setting up commitments and incentives to ensure that portfolio companies continue implementing robust ESG strategies after we exit the business. We are convinced that this investment strategy helps us create value and mitigate risk in the portfolio, and the positive effects are already evident in our latest fund.

As an example, Mundo (a recently exited portfolio company) made

it its mission to bridge the digital divide in Chile, launching an ambitious expansion plan that led it to triple the size of its fiber network during Linzor's holding period. The company's strategy consisted of offering highly affordable internet plans across a large section of the country, in many cases, in areas that previously did not have access to fiber-based connectivity. This proved to be a winning strategy, as Mundo quickly became the #2 largest player, ignited competitive pressure within the industry, and contributed to an industrywide shift towards better technology

and lower prices, making a positive impact on the entire population of internet users in Chile. In line with its mission, Mundo provided free-of-charge internet services to over 1,600 clients throughout its coverage areas, including municipalities, community organizations, fire stations, schools, and residences for the elderly, forming strong bonds with the surrounding communities and earning appreciation from the authorities. Mundo's success attracted significant interest from potential buyers, allowing us to exit the investment at an attractive

return. The new owners of Mundo have continued implementing our strategy of offering high-speed internet to marginalized communities in Chile.

We believe Mundo performed well because it executed on well defined, interrelated business and impact theses: the company aimed to become a top internet service provider by increasing the availability and accessibility of fast and reliable internet connections for underserved populations, in turn opening access to wider opportunities for human development



for its target customer base. Mundo's commercial success went hand-in-hand with its mission. At the time of our exit, Mundo's service reached 650 thousand customers, 33% of which lived in towns with population under 50,000, representing a subscriber expansion of 2.6x over Linzor's holding period.

Linzor as shareholder was able to contribute the missing pieces required to help Mundo execute on its potential. Mundo had developed in-house expertise in

deploying fiber at a low cost, but it was a small, relatively unknown player with limited access to the financing required for large-scale expansion capex. Linzor was able to help Mundo secure such financing, while supporting the management team in further professionalizing the company. Linzor's ESG and impact process not only gave Mundo a framework to articulate its existing impact goals more clearly, but it also helped the company identify areas of untapped potential. Under Linzor ownership, the company started

tracking its carbon footprint and analyzing alternatives to reduce fuel consumption in its fleet and energy consumption in its hubs. Mundo also formed an all-female technician squad to counter the lack of gender diversity in the industry, which was met with positive press and enhanced Mundo's brand as an employer. Mundo won the LAVCA Social Responsibility award in 2021 in recognition of the social dimension of its business strategy and execution.

The rest of our portfolio compa-

nies are similarly making resolute strides in pursuit of their impact goals and measurement of impact outcomes. We are proud of UTEL (an S4L institution) for becoming the first pure online institution to receive the prestigious FIMPES accreditation for its degree programs, and for its growing student body, which now includes individuals from nearly all of Latin America and three markets in Southeast Asia. We commend Uno Salud for bringing quality dental care to over 300 thousand patients per year and for its successful

implementation of the initiative to provide free services to poor and vulnerable populations in alliance with local NGOs. The program was launched at the end of 2021 and has already benefitted 337 individuals who would not have had access to its services otherwise. As a final example, Sies Salud continues making a difference for its 25 thousand HIV patients, which have a significantly lower mortality rate and a higher virus undetectability rate than the Colombian national average.

## UPDATE ON AREAS FOR IMPROVEMENT

In our last report, we identified a number of areas for improvement both at Linzor and across the portfolio. We are pleased to report the progress made so far, while recognizing there is still room for further improvement in many cases.

- **Gender diversity:** Of the portfolio companies that completed the SDG Action Manager assessment in both 2021 and 2022, the average score improvement for SDG #5 Gender Equality was 25%, the largest jump across all SDGs tracked. Engen Capital, one of the companies which most improved in this aspect, instituted a diversity, equity and inclusion ("DEI") committee, introduced policies covering DEI, recruiting, compensation and workplace violence, implemented a third-party anonymous complaint channel to report ethics violations, launched a program to support female employees in developing their leadership skills, and promoted equity initiatives in the Mexican leasing industry association. At

Linzor, we were invited to join the allied network of Mujeres Invirtiendo, an organization that seeks to promote women's participation in the private equity industry in Mexico, and we increased our commitment to Women in Finance Latin America, where now our two most senior women at Linzor volunteer as mentors. We introduced a new HR policy aimed at fostering a more sustainable work-life balance among all employees and promoting better retention and development of the Linzor team, our most valuable resource. This includes channels to ensure junior female employees receive adequate support and guidance throughout their career at Linzor, a remote work policy, and a parental leave policy covering both men and women. Despite these efforts, there is still a gender imbalance in our investment team and among our portfolio company board members, which we are working to address over the coming years. Our partners recently approved a Gender Diversity

Action Plan, which establishes specific initiatives, targets and monitoring of metrics to improve our performance in this area.

- **Legacy portfolio:** Two of the portfolio companies in our older funds, Farmashop and Komax, made significant progress over the past year on the ESG front. Farmashop received Uruguay's National Environmental Prize in recognition of its comprehensive resource management program and the ISO 14001 certification for environmental management. With Linzor's encouragement, Komax took a sustainability assessment based on GRI standards, resulting in a number of recommendations that management will work through in the coming months. We are convinced that advancements like these, which place our portfolio companies at the forefront of their respective industries with regards to sustainability, make the businesses stronger, more resilient vis-à-vis evolving standards, and more valuable in the long term.



## UPDATE ON AREAS FOR IMPROVEMENT

- **Governance:** As of June 30, 2022, all current LCP III portfolio companies are compliant with the following governance best practices: having at least one independent director, audit and HR board committees, an internationally recognized audit firm, a code of ethics, anticorruption and whistleblower policies, stock option plans for alignment of management with shareholders, and adequate internal risk management controls. The only exception is InConcert & Convertia (recent investment), which is working to achieve full compliance over the next 12 months.
- **Climate action:** Last year we took part in the PRI-sponsored Latin American Investors Climate Initiative, which provided valua-

ble insight on the actions that we can take as private equity investors to advance global climate goals. We subsequently became the first GP in Latin America ex-Brazil to join the Net Zero Asset Managers Initiative, which involves a commitment to set interim targets for a 50% global reduction in greenhouse gas emissions by 2030 and net zero emissions by 2050. Currently, all unrealized LCP III portfolio companies, comprising 60% of Linzor's total AUM, are working with specialized consultants to set Science-Based Targets aligned with this goal. The four portfolio companies that focused on SDG #13 Climate Action in their SDG Action Manager assessments in both 2021 and 2022 had an average score increase of 23%. S4L, the

top-scoring company in this SDG, implemented office upgrades to increase energy and water efficiency, initiated an employee volunteer program at the Tepeyac National Park for tree planting and fire prevention, and launched an email campaign to promote environmental responsibility among its staff. S4L is analyzing additional initiatives to reduce its carbon emissions (e.g., permanent home office for some employees, increased use of virtual meeting technology to reduce travel, solar panels, supplier policy), and to generate further awareness of climate change among its stakeholders (e.g., sustainability diploma, climate change workshops and courses). Going forward we will continue to advance climate action across the entire portfolio.

Currently, all unrealized LCP III portfolio companies, comprising 60% of Linzor's total AUM, are working with specialized consultants to set Science-Based Targets.





# J4.

## APPENDIX

Portfolio KPI evolution  
ESG Data Convergence Initiative  
Responsible Investment Policy  
Actions undertaken by LCP III portfolio companies

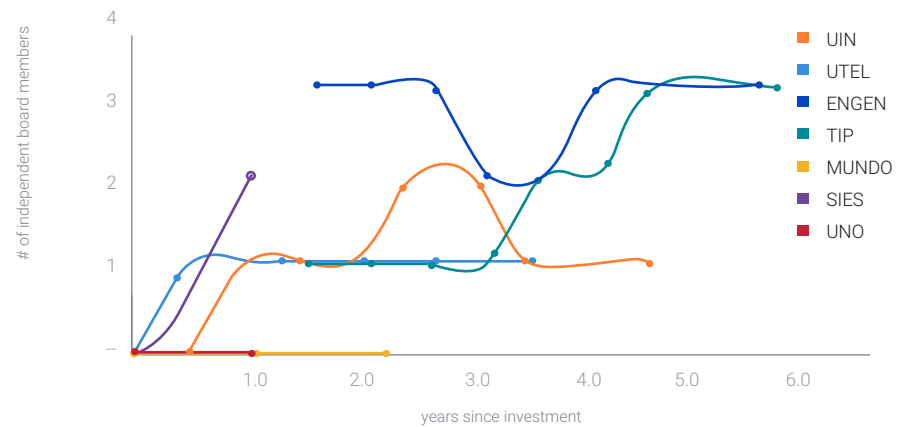
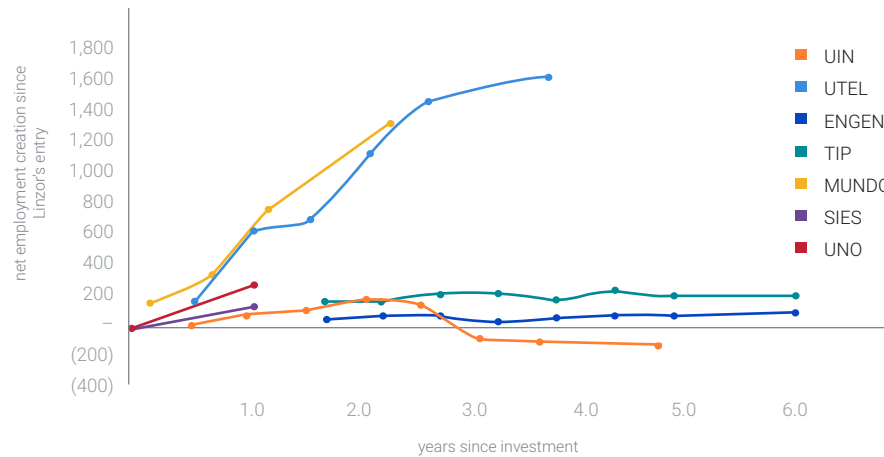
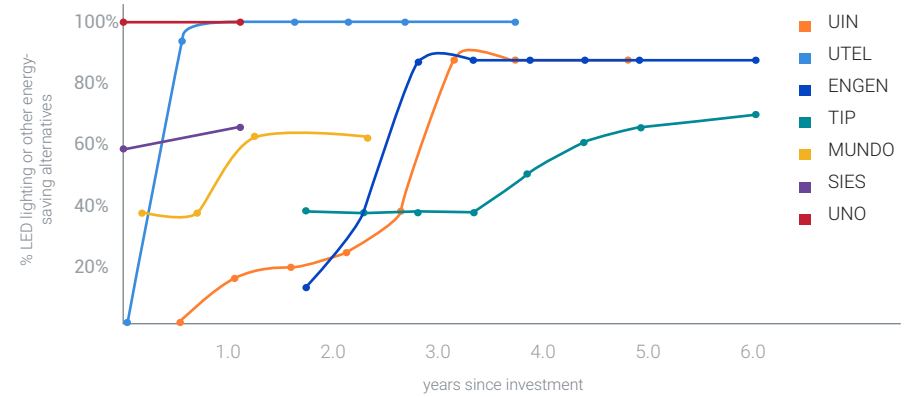
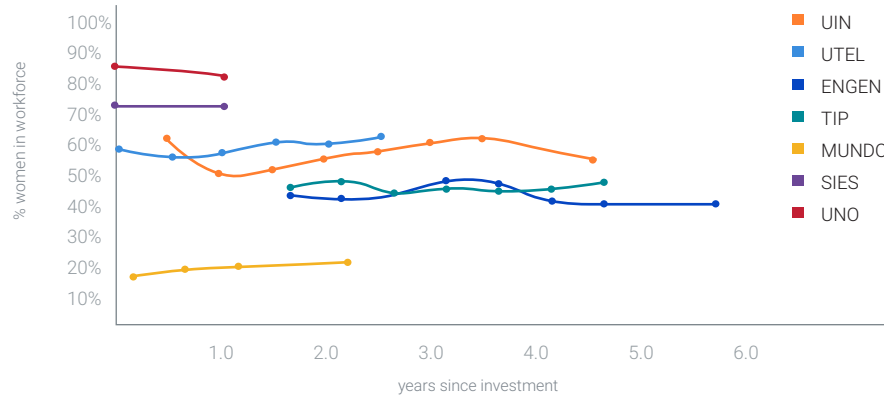
p. 57 - 74



# APPENDIX

## Portfolio KPI Evolution

### Impact over time, LCP III



Note: Uno Salud added an independent female board member in 2022.



# APPENDIX

## ESG Data Convergence Initiative

### Year ended December 31, 2021

	Engen <sup>1</sup>	UIN	S4L	Mundo <sup>2</sup>	Uno Salud	Sies Salud	LCP III Total <sup>3</sup>
<b>GHG Emissions (tCO2e)</b>							
Scope 1	303	18	38	3,507	-	365	3,866
Scope 2	273	411	285	2,166	1,248	60	4,506
Scope 3 <sup>4</sup>	114	19	26	NA	559	54	751
<b>Renewable energy consumption (kWh)<sup>5</sup></b>	<b>153,822</b>	<b>231,897</b>	<b>160,928</b>	<b>2,818,706</b>	<b>1,624,273</b>	<b>321,109</b>	<b>5,310,735</b>
<b>Total energy consumption (kWh)</b>	<b>644,583</b>	<b>971,749</b>	<b>674,359</b>	<b>6,479,785</b>	<b>3,733,961</b>	<b>472,914</b>	<b>12,977,351</b>
% Renewable	24%	24%	24%	44%	44%	68%	41%
<b>Female board members<sup>6</sup></b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Total board members</b>	<b>9</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>37</b>
% Female	22%	25%	-	-	-	-	8%
<b>Average employees during year</b>	<b>654</b>	<b>846</b>	<b>2,621</b>	<b>2,032</b>	<b>1,099</b>	<b>945</b>	<b>8,196</b>
<b>Number of work-related injuries</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>131</b>	<b>62</b>	<b>49</b>	<b>249</b>
Injuries % of Average Employees	0.2%	0.4%	0.1%	6.4%	5.6%	5.2%	3.0%
<b>Number of work-related fatalities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Days lost due to injury</b>	<b>19</b>	<b>45</b>	<b>32</b>	<b>270</b>	<b>356</b>	<b>376</b>	<b>1,098</b>
<b>Net new hires</b>	<b>53</b>	<b>(21)</b>	<b>1,027</b>	<b>592</b>	<b>258</b>	<b>144</b>	<b>2,053</b>
<b>Annual percent attrition</b>	<b>17%</b>	<b>38%</b>	<b>77%<sup>7</sup></b>	<b>29%</b>	<b>39%</b>	<b>6%</b>	<b>34%</b>
<b>Employee engagement survey (Y/N)</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>-</b>
% Employees responding	94%	89%	70%	NA	100%	31%	-

<sup>1</sup> Engen data includes TIP, except attrition and employee engagement survey

<sup>2</sup> Mundo was sold on December 28, 2021. Metrics reflect YTD Oct'21 data

<sup>3</sup> Reflects the simple sum of each company's metrics, except for attrition which is a simple average. For GHG Emissions, please refer to Fund-level carbon indicators for the total fund emissions calculated in accordance with PCAF guidance

<sup>4</sup> Calculation of Scope 3 emissions was optional for our portfolio companies during 2021. The amounts shown reflect business air travel and, in the case of Uno Salud, employee commuting as well

<sup>5</sup> Calculated based on the percentage of renewable energy in the electric grid of each country, obtained from EMBER (Chile and Colombia) and CENACE (Mexico)

<sup>6</sup> In the case of Engen, includes 1 female board observer. In April 2022, Uno Salud added a female board member, raising the Fund's overall percentage of female board members to 11%

<sup>7</sup> S4L attrition rate includes contact center staff, which have a higher attrition rate than the rest of the company.

### Highlights from the first year of reporting:

- Linzor achieved 100% data submission across required metrics, higher relative to the broader EDCI participant pool
- Our portfolio shows strong performance on renewable energy usage and we expect continued improvement in this area
- While only 2 out of 6 portfolio companies had a female board member in 2021, this statistic has already risen to 4 out of 6 during 2022
- We will work to investigate the relatively high work-related injury rates in some portfolio companies, introducing new safety measures where appropriate



# APPENDIX

## Responsible Investment Policy

### Introduction

Linzor Capital Partners is a middle market private equity firm focused on Latin America that has sought to invest responsibly since its founding in 2006. Our experience investing in the region has convinced us of the need for businesses to work harder to meet responsible investment objectives, including mitigating the effects of climate change and promoting social and economic progress for all. Latin American countries are developing nations, with comparatively lower scores in the Human Development Index<sup>1</sup> and Corruption Perceptions Index<sup>2</sup> and higher Gini coefficients<sup>3</sup> than developed markets.

From our position, making primarily control investments in multiple industries and countries in Latin America, we are well situated to implement a robust responsible investment strategy and assess its positive impact. We aim to make a tangible difference within the companies that we manage, while also setting an example that other businesses and investment firms may emulate. We believe that in the current environment, where climate change concerns and social demands have increased, it is critical for private sector companies to examine and evaluate their performance in environmental, social, and governance (“ESG”) aspects and to strengthen their business strategy taking ESG risks and opportunities into account.

<sup>1</sup> Index developed by the UN Development Programme based on life expectancy, education (mean years of schooling completed and expected years of schooling upon entering the education system), and per capita income indicators.

<sup>2</sup> Index published by Transparency International, which ranks countries “by their perceived levels of public sector corruption, as determined by expert assessments and opinion surveys.”

<sup>3</sup> A measure of statistical dispersion representing the income inequality or wealth inequality within a nation, with a higher coefficient signaling higher inequality.



# APPENDIX

## Responsible Investment Policy

We have the conviction that Latin America offers ample opportunities to earn attractive investment returns while making a positive impact on the environment and on society.



### Our Commitment

We are committed to responsible investing as an integral part of our business model. We have the conviction that Latin America offers ample opportunities to earn attractive investment returns while making a positive impact on the environment and on society and meaningfully advancing one or more of the United Nations Sustainable Development Goals ("UN SDGs"). Our goal as investors is

to allocate capital to businesses that not only have the potential to grow and become more valuable, but that can do so in a sustainable and socially responsible manner. We are convinced that by investing with responsibility and purpose, we are creating an additional value driver for our portfolios. We also recognize the increasing interest among our investor base for responsible and sustainable investment strategies,

accompanied with a high level of accountability and transparency. Based on our culture and investment strategy, we have been well aligned with the UN Principles for Responsible Investment ("UN PRI" or the "Principles") throughout our history. Namely, we are committed to:

- Incorporating ESG issues into investment analysis and decision-making processes

- Being active owners and incorporating ESG issues into our ownership policies and practices
- Seeking appropriate disclosure on ESG issues by the companies in which we invest
- Promoting acceptance and implementation of the Principles within the investment industry and advancing ESG issues within the industry sectors where

we invest

- Working together with other UN PRI signatories to enhance our effectiveness in implementing the Principles
- Reporting on our activities and progress towards implementing the Principles



### Our Approach

Our responsible investment policies and practices are the result of our evolution as a firm. We have always sought to instill best practices in terms of transparency, corporate responsibility, and ethics throughout our portfolio. Linzor's investment team has received periodic training on ESG matters since 2013 and ESG due diligence has been explicitly included in our investment memos since 2014, using the CDC due diligence questionnaire as a tool to identify ESG risks and opportunities. In 2017, we started tracking a set of ESG indicators across the unrealized portfolio and have been sharing them with our investors annually. Today, we are taking a more

proactive and deeper approach that involves setting more ambitious ESG and impact targets using the framework of the UN SDGs. To lead our efforts and ensure consistency in our approach, we have formed an ESG & Impact Committee, comprised of six Linzor professionals spanning different offices and seniority levels, and two external subject-matter experts. The current committee members are:

- Jean-Bernard Ide Gerard (Lead Partner, Mexico office)
- Tim Purcell (Managing Partner, Chile office)
- Ricardo Yunis (Principal, Colombia office)

- Ana Giannareas (Principal in Investor Relations & Finance, Chile office)
- Javier Halffter (Associate, Mexico office)
- Rodrigo Romero (Associate, Chile office)
- Montserrat Olguín (Analyst, Mexico office)
- Claudia Zeisberger (Academic Director and Founder of the INSEAD Global Private Equity Initiative and researcher on ESG and the impact of business in society, KKR sustainability committee member)

- Gonzalo Muñoz (High Level Climate Action Champion COP25 and Founder of Triciclos, a leading Latin American recycling and sustainability consulting company)

The committee members will rotate every 2-3 years except for the Managing Partner and the Investor Relations Principal, whose participation will be permanent. The ESG & Impact Committee has been tasked with setting ESG guidelines, sharing them with the investment team, and closely monitoring their application throughout the portfolio alongside each deal team. The committee conducts annual monitoring exercises with the deal

team and management team of each portfolio company in Linzor Capital Partners III, L.P. and subsequent funds (more information in the Ownership section below). The committee is also responsible for generating our annual impact and sustainability report to share the ESG and impact objectives, key performance indicators, and concrete initiatives for Linzor's portfolio companies with our investors. Finally, the committee tracks compliance with our responsible investment policy by submitting an annual report to the UN PRI and using the assessment issued by this organization to continue improving our responsible investment practices.

# APPENDIX

## Responsible Investment Policy

Responsible investment considerations are closely integrated in our investment process throughout six distinct steps:





# APPENDIX

## Responsible Investment Policy

### 1. Fundraising

When raising new funds, we communicate our responsible investment policy to all prospective investors and seek to ensure that our approach is in line with their policies and objectives, remaining open to making adjustments where needed. We welcome initiatives to work in association with our limited partners and the greater investment community to advance the agenda of responsible investment and promote climate action and greater diversity within the industry.

### 2. Screening

At the deal screening stage, we filter prospective investments based on their exposure to industries or geographies deemed high risk or specific business practices considered unethical. This helps us channel capital to companies that are already conducting business in a responsible manner, and that have the potential to grow and foster those good practices among their industry peers.

We do not invest in companies and sectors that cause environmental or social harm and where we cannot find a way to mitigate the harm or transform the company into a more responsible and sustainable business.

On the other hand, businesses that are already generating tangible positive impact on their communities or environment and companies whose management teams have a reputation for ESG consciousness and preparedness command a high level of interest from us.

### 3. Due diligence

During due diligence, we evaluate the ESG practices and impact of prospective investments to identify risks and opportunities within the company. We also focus on finding where industry peers have been successful in implementing ESG strategies to identify where the industry is heading, and we refer to the UN SDG Industry Matrix to get industry-specific examples and ideas for corporate initiatives related to the SDGs. This results in a roadmap for action plans to be implemented if the investment materializes.

ESG considerations at this stage are a standard practice in Investment Committee discussions. ESG findings and potential initiatives are included in the investment memorandum.

Key questions to be addressed include:

- Does the proposed investment uphold high standards of integrity and honesty, and operate in accordance with local laws and international good practice?

grity and honesty, and operate in accordance with local laws and international good practice?

- Does the proposed investment meet the standards set out in Linzor's ESG policies? Can all areas of non-compliance be brought to full compliance within our investment period?
- Are there opportunities for the target company to implement a game changing ESG strategy that Linzor could develop? Can we make significant progress and measure results on this strategy within our investment period?

### 4. Investment decision

The investment committee discusses ESG findings in depth and weighs them when making investment decisions. If significant red flags are found, we may choose to withdraw from a transaction. Upon deciding to move forward with an investment, we share our ESG objectives, policies, and practices with the target company. We seek a formal commitment from management and incorporate ESG initiatives into our 180-day plan. A mid and long-term ESG business plan is laid out at this stage, with specific benchmarks and a roadmap.

# APPENDIX

## Responsible Investment Policy

### 5. Ownership

During ownership, the Linzor deal team refines ESG and impact objectives in collaboration with management and monitors day-to-day progress on ESG initiatives. Deal teams are encouraged to set up an internal ESG taskforce within each company, maintain ESG topics and initiatives on the agenda of the Board of Directors, and link the variable compensation of top management to the achievement of ESG objectives.

The ESG & Impact Committee conducts annual monitoring exercises with the deal team and management team of each portfolio company in Linzor Capital Partners III, L.P. and subsequent funds. This annual review covers the following topics:

- Impact thesis of the business, linked to one or more UN SDGs

- SDG Action Manager score
- ESG & Impact action plan, including SDG Action Manager score increase objective
- Carbon footprint calculation and targets
- Portfolio company implementation team, responsibilities and variable remuneration
- Key performance indicators, including a standard set of ESG metrics measured across the portfolio and additional company-specific indicators to measure impact. Below is a summary of topics captured by the KPIs

The committee members serve as a sounding board for deal teams and portfolio company management to present their ESG and impact initiatives, get



#### ENVIRONMENTAL

- Energy consumption
- Energy efficiency
- Renewable energy use
- Carbon footprint
- Climate change awareness
- Waste management
- Supplier policy



#### SOCIAL

- Job creation
- Employee health & safety
- Quality employment
- Diversity
- Non-discrimination
- Profit-sharing
- Community engagement



#### GOVERNANCE

- Board composition
- Board committees
- Audit and internal controls
- CEO succession
- Business integrity
- Anti-bribery
- Whistleblower channel
- Risk management



#### COMPANY-SPECIFIC

- SME financing
- Higher education payback and employability
- Internet access in underserved areas
- Quality of care and affordability in healthcare
- Population coverage for healthcare service

feedback and further ideas for improvement, share best practices, and remain accountable for their implementation over time.

Transparency and accountability vis-à-vis our investors is a key consideration in this step. The ESG & Impact Committee is therefore tasked with generating a periodic report to share the ESG and impact objectives, key performance indicators, and concrete initiatives for Linzor’s portfolio companies with our investors.

### 6. Exit

When exiting a portfolio company, we discuss with prospective buyers whether they plan to continue advancing the ESG policies and practices in place at the company, including the achievement of long-term carbon neutrality goals.

## APPENDIX

### Responsible Investment Policy

#### Linzor GP Initiatives

At the firm level, Linzor exercises its commitment to ESG in various ways:

- All Linzor offices employ environmentally friendly practices in terms of energy and water efficiency, recycling and waste reduction.
- The firm aims to reduce air travel to the largest extent possible and purchases certified emission reductions (CERs) from UN-FCCC-certified projects in Latin America to offset the remaining greenhouse gas emissions.
- Linzor is a responsible employer, operating with a high standard in labor practices that goes beyond legal requirements in many areas.
- Linzor has a Code of Conduct, which employees are required to affirm annually, and a dedicated online channel to receive anonymous whistleblower complaints.
- Linzor team members are involved in diverse philanthropic and community outreach activities.
- On occasion of each annual meeting, the firm donates to an NGO or a social project sponsored by a portfolio company.

We care deeply about the impact of our investment activities on all stakeholders and take our responsibility as stewards of capital seriously.

# APPENDIX

## Actions Undertaken by LCP III Portfolio Companies

### ENGEN CAPITAL

**Initiatives completed to date:**

- Engen & TIP: created ESG committee, DEI committee and Social Responsibility committee
- Engen & TIP: implementation of permanent flexible model for employees
- Engen & TIP: socially responsible company insignia
- Engen & TIP: implemented anonymous integrity line to report ethics code violations
- Engen: affiliation to UN Global compact
- Engen: provided +650 hours of employee training

- Engen: published first Sustainability Report
- Engen Diverse Talent Program: alliance with Inroads for interns and recruiting alliances with public schools
- TIP: donation to care homes
- TIP: affiliation to Climate Change Accelerator Program and COP'26 Declaration on Accelerating the Transition to 100% zero emission cars and vans

**Initiatives in progress:**

- Engen: 2,000 training hours on ESG matters
- Engen: 1) compensation policy, 2) recruitment process, 3) Social

- responsibility policy, 4) workplace violence protocol, 5) DEI strategy report
- Engen: launched “Women Who Inspire” program for leadership skills and awareness
- Engen: gender equity compensation analysis
- Engen: LGBT+ community program
- Engen & TIP: health week for employees
- TIP: development of online training of the Code of Ethics and the Guidelines of Conduct
- TIP & Engen: Development of the Sustainability Model





# APPENDIX

## Actions Undertaken by LCP III Portfolio Companies

### UNIVERSIDAD INSURGENTES

#### Initiatives completed to date:

- Continuous faculty training programs, including soft skills, professional development and ESG
  - » 2,034 faculty and 1,331 staff have taken courses
- Included ESG into day-to-day activities to increase awareness among students
- Active role in association with FIMPES to ensure the quality of academic content across the country
- Supporting and monitoring employability among the student base, through UIN's job site and employability webinars to give students more tools to access the labor force
- Gender equality awareness campaigns for students, faculty and staff
  - » UIN joined the UN UNITE campaign to raise awareness and stop violence against women (1,159 students and staff participated)

- Established a gender committee to promote diversity, inclusion, and gender equality within the entire community (814 employees completed a gender equality course)
- Established a policy on equal pay and growth opportunities
- Created hot line for sexual harassment for staff and students. Crisis management committee oversees cases raised through hotline
- Included social entrepreneurship, in collaboration with NGO, as part of core curriculum in 13 majors
- UIN granted 110 scholarship support programs to students and NGOs
- Measured GHG emissions with the aid of external consultant and established internal policies aimed at reducing emissions. Installing solar panels in some campuses to reduce carbon footprint

#### Initiatives in progress:

- Include ESG content in all majors
- Complete annual 360-degree evaluation for all employees
- Diversify supplier base, train purchase department staff on UIN's ESG supplier policies, and ensure compliance with such policies
- Include specific section on ESG in the onboarding program for new employees
- Continued collaboration with FIMPES to increase access to quality higher education
- Join Women's Empowerment Principles
- Monitoring and setting reduction targets for waste, water and GHG emissions
- Complete solar panel implementation



# APPENDIX

## Actions Undertaken by LCP III Portfolio Companies

### S4L (PREVIOUSLY UTEL)

**Initiatives completed to date:**

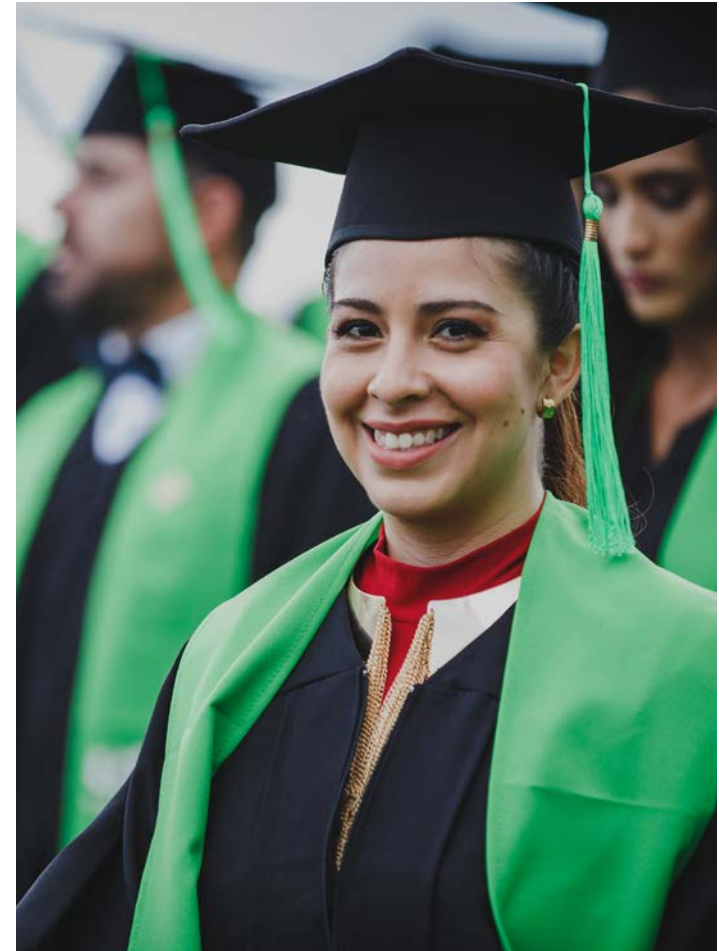
- Launched and conducted annual 360-degree evaluation program for all employees
- Created and offered employee training programs in soft skills and professional development. Employees completed: 1,107 onboarding courses, 1,092 health-related courses, 4,412 soft skills and professional development courses, 1,893 courses on the UN SDGs and S4L's ESG initiatives
- Received first full accreditation for a pure online university from FIMPES, Mexico's top accreditation body for private universities
- Alliance with NGO Chingos de Impacto to provide online courses to women from marginalized communities
- Extended maternity and paternity leave for employees

- Registered with the Women's Empowerment Principles
- Conducted employee satisfaction surveys and put in place nondiscriminatory policies
- Hired independent consultant to help calculate carbon footprint and set a science-based target
- Conducted employee satisfaction surveys and put in place nondiscriminatory policies
- Hired independent consultant to help calculate carbon footprint and set a science-based target

**Initiatives in progress:**

- Creating a Gender Committee to ensure an inclusive workspace
- Analyzing the use of low emission technologies to reduce carbon footprint
- Developing new policies to establish equal pay, promotions, bonuses, and opportunities

- for professional development regardless of gender
- Detailed analysis of discrepancies in salary and other benefits by gender and background
- Lactation room in the company's facilities
- Supplier code of ethics and supplier policy on climate action and risks



# APPENDIX

## Actions Undertaken by LCP III Portfolio Companies

### MUNDO

#### Initiatives completed by the time of exit:

- Created Mundo's internal ESG committee
- Implemented non-discrimination policy governing Mundo's internal work regulation and code of conduct
- Developed a whistleblower channel to report harassment, discrimination, gender-based issues, and any other employee complaint. Created HR committee to monitor cases and implement sanctions
- Began measuring carbon footprint
- Evaluated efficient energy use alternatives for hubs and HQs through the use of solar panels

- Created Mundo's first volunteer program: aided several elderly homes throughout Chile and educated participants in the use of digital technology. This program has continued past Linzor's exit. As of November 2022, the company has provided 700 hours of training to 350 adults through this program.
- Created Chile's first all-women technical installation squad. As of November 2022, the company has a staff of 35 female technicians.
- Implemented and tracked connectivity policy providing lifetime free-of-charge services to more than 1,500 institutions. As of November 2022, this program has expanded to

benefit 2,500 institutions.

#### Initiatives in progress at the time of exit:

- Formador de Formadores (meaning "Trainer of Trainers") program aimed at choosing an expert in a particular skill-set from each department in Mundo and training them to eventually train personnel within their area of expertise
- Integration of online course bundle to Mundo's education platform for employees. Courses aimed at personal development in subjects such as: financial education, health & nutrition, productivity hacks, work-life balance, and others
- Implementation of 360-degree feedback system



# APPENDIX

## Actions Undertaken by LCP III Portfolio Companies

### UNO SALUD

#### Initiatives completed to date:

- Revised health and safety policy and internal ethics code. Developed a new ethics code for suppliers. Included gender equality and non-discrimination, diversity, and ethics behavior policies in all protocols and codes
- Appointed a new female independent director
- Implemented new recruitment policy, including mandatory mixed gender shortlists
- Launched employee health and well-being benefits program, with special focus on women and mental health care coverage. Expanded the program to include fixed-term contract employees (previously only available to indefinite-term employees)
- Implemented a hybrid work policy (up to 2 days from home per week) and additional days off for HQ employees (2-4 per

year, depending on years working in Uno Salud)

- Launched scholarship program for employees (8 scholarships awarded in 2021)
- Performed initial carbon footprint assessment
- Included environment-related grading in supplier policy
- Implemented recycling program and paper consumption reduction through the digitalization of administrative documents, reducing paper consumption by 28% in the HQ
- Implemented an anonymous whistleblower channel for employees, providers, clients, and other stakeholders

#### Initiatives in progress:

- Online training on ethics code and compliance channel
- Establish a permanent flexible

work model for HQ employees and co-work office layout

- Review of suppliers and vendors' gender equality strategies or policies
- Introduce commitment in supplier policy to favor women-owned businesses in our supply chain
- Work with Manuia, a specialized consultant, to implement a zero-carbon footprint plan with science-based targets
- Implementation of "Community Solar" program: solar panels project to generate clean energy for 6 clinics equivalent to 650 MW per year
- Analysis of workforce diversity
- Analysis of minimum living wage and review of lower range of salaries in the company





# APPENDIX

## Actions Undertaken by LCP III Portfolio Companies

### SIES SALUD

#### Initiatives completed to date:

- Patient care through different care channels according to patients' preferences and needs (52% virtual care, 37% in-person care and 11% home care)
- Design and implementation of new health care programs for patients with autoimmune pathologies
- "Vital Value" program for the promotion, prevention and care of employees' mental and emotional health
- Training for patients, employees and clients in integral health programs
- New Employee Experience Policy, addressing non-discrimination and reduction of inequalities
- Promotion of diversity, equity and inclusion in company's selection processes

- Implementation of zero paper strategy
- Analysis of suppliers' international certifications compliance
- Strengthening the management of hazardous materials in the facilities
- Installation of solar panels in 3 sites with projected savings in overall energy consumption of 5-9%

#### Initiatives in progress:

- Implementation, socialization and dissemination of the Social Participation in Health Policy
- Further communication of internal work regulations and the employee experience policy, associated with gender equality
- Collaboration with Andi, Mpodera and Inclusión for the promotion of gender equality

- Creation and dissemination of human rights policy
- Strengthening the supplier contracting policy and generation of mechanisms to evaluate suppliers on responsible production and consumption
- Phase II of zero paper project: centralization of physical and digital archives and digitization of patient-related procedures
- Installation of solar panels in 4 additional sites
- Communication strategy within the company and with strategic allies to promote responsible energy consumption
- Work with consulting firm to help Sies improve its carbon footprint and set a science-based target



# APPENDIX

## Actions Undertaken by LCP III Portfolio Companies

### INCONCERT AND CONVERTIA

Initiatives in progress:  
inConcert:

- » Corporate training solution for onboarding new employees and upskilling current staff, customers and partners

Convertia:

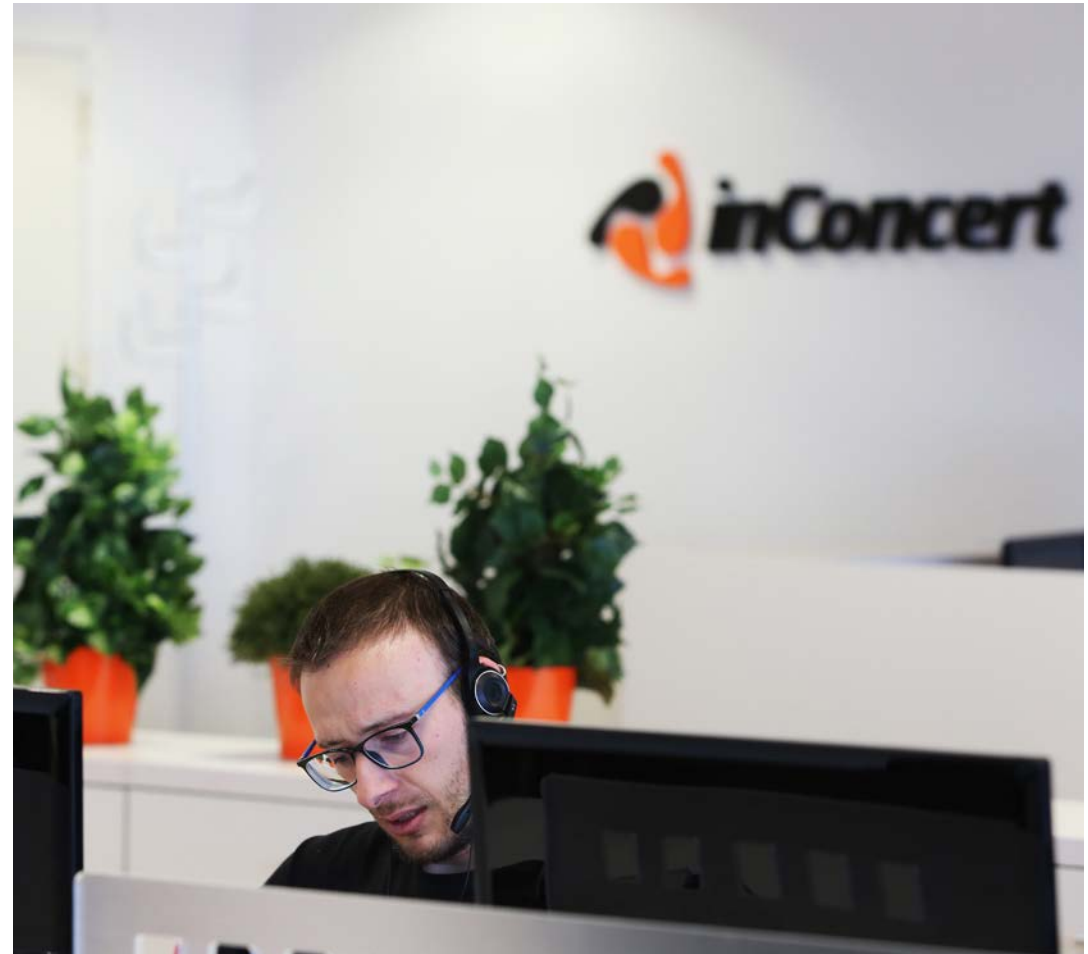
- » Mentoring program and soft skills workshops for junior employees
- » Upskilling platforms for corporate training
- » Internalized all contact center operations to ensure best-in-class labor practices
- » Hybrid work policy and carpooling initiative
- » Implementation of ethics code

Both companies:

- » Corporate best practices: board of directors, independent board members, HR and Audit

committees, among others

- » Implementation of non-discriminatory policies
- » Establishing conflict resolution policies, internal follow-up committees and anonymous reporting channels
- » Internal policies to promote gender diversity and equality in the workplace (improve recruitment processes, measure wage gaps)
- » Measure, track and report GHG emissions. Hired external consultant to guide the companies through the process





20  
22 | **Impact &  
Sustainability**  
Report

Chile



México



Colombia



[www.linzorcapital.com](http://www.linzorcapital.com)



[investorrelations@linzorcapital.com](mailto:investorrelations@linzorcapital.com)