



Impact &
Sustainability
Report
2021

At Linzor, we are committed to responsible investing as an integral part of our business model



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

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About Linzor

Linzor Capital Partners (“Linzor”) is a leading private equity firm investing in mid-sized companies in Latin America. We seek to create value by implementing strategic initiatives and operational improvements to promote the growth of our companies.

With 24 investment professionals located across the region, including eight partners in different funds with a long investment track record, we have the local presence and expertise required to source, execute, monitor and support a diversified portfolio of investments. As of June 30, 2021, we managed 12 portfolio companies operating across a variety of industries, including healthcare, telecom, education, financial services and retail.

Since our founding in 2006, we have invested close to \$1.1 billion in 24 businesses. We manage three private equity funds with total assets under management of \$670 million (\$862 million including limited partner co-investments), as of June 30, 2021.

Linzor’s funds are supported by a well-diversified investor base composed of global institutions and family groups seeking long-term value creation. This includes well-known pension funds, asset managers, insurance companies, sovereign wealth funds, endowments, foundations, and family offices from the United States, Europe, Latin America and Asia Pacific.

As part of our investment strategy, we focus primarily on the middle market segment in Mexico, Chile, Colombia and Peru, and selectively make investments in the rest of Latin America, such as in Uruguay. We seek controlling positions in order to actively manage value creation plans. We look for businesses that can be transformed into more valuable enterprises through a combination of operating improvements, revenue expansion, introduction of more sustainable and impactful business practices, and/or inorganic growth.

Linzor is a signatory of the Principles for Responsible Investment, a participant in the Latin American Investors Climate Initiative, and actively considers environmental, social and governance matters throughout the investment process. Two of our investments have been recognized by the Association for Private Capital Investment in Latin America (“LAVCA”) for outstanding ESG performance:

- In 2021, we received the Social Responsibility Award for our investment in Mundo, the second largest fiber-to-the-home provider in Chile. Mundo aims to bridge the digital divide by offering affordable, high quality services (internet, TV and voice-over-IP) to the Chilean population and provides lifetime free internet access to over 1,600 social organizations.
- In 2019, our portfolio company Farmashop was named Social Responsibility Private Equity Deal of the year. Farmashop, the largest pharmacy chain in Uruguay, was recognized for its above-standard human resources policies encompassing recruiting, gender diversity, continuing education and inclusion.



Linzor Capital Partners Funds

2006

Linzor Capital Partners, L.P.

2011

Linzor Capital Partners II, L.P.

2015

Linzor Capital Partners III, L.P.

Linzor portfolio companies

As of June 30, 2021

Healthcare



Financial Services



Food



Telecommunications



Education



Pharmacy Retail



Retail & Financial Services



Apparel Retail





01

Responsible
Investment Policy

Introduction

Linzor 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 Index¹, Corruption Perceptions Index² and higher measures of inequality³ 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 measure 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.



(1) 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.

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

(3) As measured by the Gini coefficient, a measure of statistical dispersion representing the income inequality or wealth inequality within a nation, with a higher coefficient signaling higher inequality.

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 (“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 Principles for Responsible Investment (the “Principles” or “PRI”) 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 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 SDG framework.

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 committee members for the '20-'22 period 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)

Agostina Colaizzo (Associate, Chile office)⁴

Javier Halffter (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)

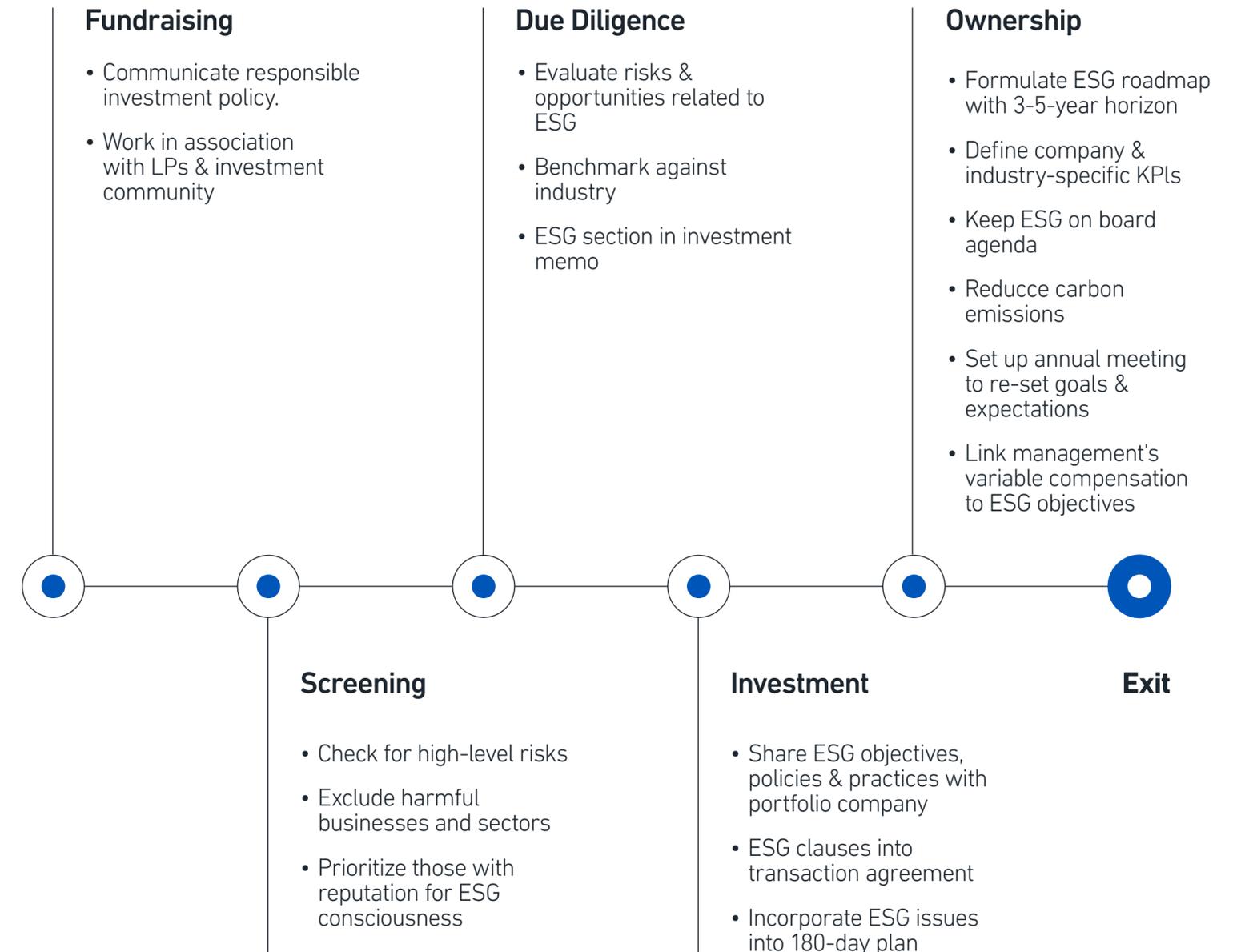
Gonzalo Muñoz (High Level Climate Action Champion COP25 and Founder of Manuia (a TriClicos affiliate), a leading Latin American sustainability consulting company)

⁽⁴⁾ Committee member during 2020-2021.

The committee members will rotate every 2 years except for the Managing Partner and the Investor Relations Principal, whose participation will be permanent to ensure continuity of the effort. 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 in page 10). The committee is also responsible for 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. Finally, the committee will track compliance with our responsible investment policy by submitting an annual report to the PRI and using the assessment issued by this organization to continue improving our responsible investment practices.

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

LCP ESG integration throughout the investment cycle



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.

We are also committed to transparency regarding the ESG performance of our portfolio, providing investors with the information needed to evaluate the results of our responsible investing approach just as they assess the financial performance of our investments.

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 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?
- 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.

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 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 linked to ESG objectives
- 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



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

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



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 services

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.

We factor a buyer's commitment to continue managing the portfolio company responsibly into our decisions to sell.



Summary of Linzor GP Initiatives

We care deeply about the impact of our investment activities on all stakeholders and take our responsibility as stewards of capital seriously. Our approach towards responsible investment involves carefully selecting our investments considering ESG criteria, setting ambitious ESG and impact targets for our portfolio, and closely monitoring their implementation. We are convinced that this will have a positive impact on our communities and environment, while enhancing the long-term value creation of the portfolio.

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

For detailed information, please review Section 2 - ESG at Linzor on page 13.

- 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 UNFCCC-certified projects in Latin America to offset the greenhouse gas emissions that we cannot reduce.
- 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 makes a donation to an NGO or a social project sponsored by a portfolio company.



02

ESG at Linzor

We believe that a strong commitment to sustainability starts at the firm level. We have sought to employ the best environmental, social and governance practices for investment firms of our size and sector, and aim to continue improving in these areas as the firm evolves and grows.

Environmental

- All Linzor offices operate with energy-efficient lighting (LED or fluorescent tubes), water-efficient toilets, energy-saving measures (such as overnight hibernation and auto shut-off of computer equipment), recycling (paper, plastic, cans, glass, toner and tech products), and waste reduction measures (double-sided black-and-white printing, filtered water dispensers or large rechargeable water jars, use of rechargeable batteries).
- Linzor has estimated its carbon footprint since 2019. The firm has adopted a policy of reducing air travel to the largest extent possible and purchasing certified emission reductions (CERs) from UNFCCC-certified projects in Latin America to offset the remainder.
- We have identified business travel as the largest source of scope 3 emissions. Our remaining top suppliers are primarily large professional services firms, such as accounting, audit and law firms, whose greenhouse gas emissions are not considered material.
- We use the GHG Protocol standards to calculate CO₂ emissions. Starting in 2021, we will refine Scope 3 to include employee commuting while continuing to implement initiatives across the fund to further reduce our footprint.
- As a follow-up to our first round of Annual ESG & Impact Reviews, we hosted a workshop on climate change for our investment team and portfolio company management, taught by Gonzalo Muñoz, High Level Climate Action Champion COP25. We discussed the climate crisis and the urgency of reducing carbon emissions in order to meet the Paris Agreement goal of limiting the global temperature increase to less than 2.0°C, or the more ambitious goal of 1.5°C. As one of our first initiatives to contribute towards this objective, we are gathering information on solar panels to share intelligence and best practices on this topic and encourage each management team to continue increasing clean energy usage across the portfolio.
- Linzor is participating in the Latin American Investors Climate Initiative sponsored by the PRI in Fall 2021 and has made a commitment to the Net Zero Asset Managers Initiative. By adhering to this initiative, Linzor has committed to support the goal of net zero greenhouse gas emissions by 2050, or sooner, in line with global efforts to limit warming to 1.5°C.

2019 LCP CARBON EMISSION SUMMARY

	Units	Metric	CO ₂ tons	Description
Scope 1		NA	–	
Scope 2	kWh	32,095	41.2	Use of electricity
Scope 3	km	1,148,719	482.7	Employee air travel
Total			523.9	
CO₂ Tons / Avg. Employees			12.6	
CO₂ Tons / Avg. AUM (\$bn)			921.8	



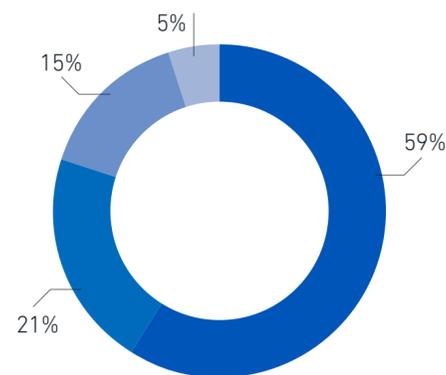
Social

People

- As of June 30, 2021, Linzor employed 39 individuals across three offices in Chile, Mexico and Colombia. Women accounted for 43.6% of total employees and 12.5% of our partners.

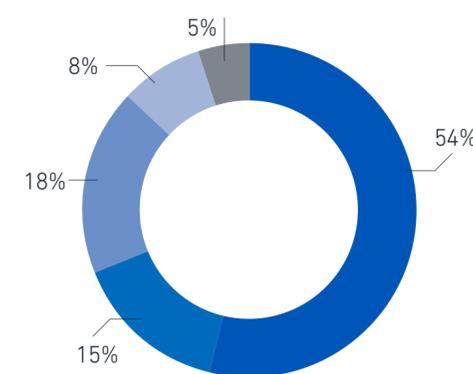
EMPLOYEES BY OFFICE

- Santiago
- Mexico city
- Bogotá
- Remote



EMPLOYEES BY FUNCTION

- Investment team
- Finance & IR
- Administrative
- Housekeeping
- Technology



	Total	% Female
Partners	8	12.5%
Principals and VPs	6	16.7%
Associates and Analysts	10	20.0%
Investment and IR Teams	24	16.7%
Administrative Support	7	100.0%
Finance/Operations	3	100.0%
Housekeeping	3	66.7%
Technology	2	50.0%
Total	39	43.6%

- We have a top performing team comprised of highly qualified, motivated individuals in each area. All employees are offered training opportunities on topics relevant to their roles and receive annual performance reviews, which include a discussion of their professional advancement. Our culture is meritocratic and geared towards excellence, which helps us attract top talent in our countries. However, we recognize that there is significant room for improvement in gender diversity, especially among our investment team.
- We have a strong commitment to developing our people and ensuring the long-term continuity of Linzor. Four of our eight partners originally joined the firm in non-partner roles and have been promoted from within the firm over the last 7 years.
- All employees adhere to a Code of Conduct that includes our policies on diversity, non-discrimination and non-harassment, among others. Employees receive training periodically on the contents and application of the code and are required to affirm compliance with it on an annual basis. The Code of Conduct was last adjusted in 2020 to incorporate the Institutional Limited Partners Association (ILPA) guidelines on harassment, discrimination and workplace violence.
- Linzor is committed to providing an inclusive and nondiscriminatory working environment in which all employees are valued and empowered to succeed. The firm prohibits discrimination or harassment on the basis of race, color, national origin, citizenship status, creed, religion, religious affiliation, age, sex, marital status, family status, sexual orientation, gender identity, disability, political beliefs, and any other status protected under any applicable law. This policy applies to our dealings with customers and suppliers as well.
- Employees are instructed to report any actual or suspected violations to the abovementioned policies to their supervisor or through an anonymous online complaint channel. The firm strictly prohibits retaliation against any employee who raises concerns.
- As part of our investment approach, we collaborate closely with knowledgeable industry experts and experienced managers throughout the investment cycle. Many of them join the boards or management of our portfolio companies and/or co-invest alongside Linzor as operating partners. We take pride in our established track record of building and maintaining successful partnerships with a wide array of professionals in each market.

Community Engagement

Linzor team members are involved in diverse philanthropic and community outreach activities, including supporting the following non-profit organizations:

- Carlos Ingham, a Partner, is the Founder and 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
- Tim Purcell and Matias Gutierrez, both Partners, have served on the board of **Enseña Chile** [🔗](#), an education non-profit organization that is a member of Teach for All, since its founding.
- Tim Purcell, a Partner, and Ignacio Spiniak, a Principal, are members of the board of **Colegios CREE** [🔗](#), a non-profit charter school in Chile serving lower income students in grades PK to 7
- Alfredo Irigoien, a Partner, 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

Linzor team members are involved in diverse philanthropic and community outreach activities.

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, a 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
- Ignacio Spiniak served in the board of **Fundación Panal** [🔗](#), a foundation that provided leadership and empowerment coaching to students from vulnerable communities
- Ana Giannareas, a Principal, mentors 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 our region

On occasion of each annual meeting, the firm makes a donation to an NGO or to a social project sponsored by a portfolio company. Recent recipients include:

- Mundo's connectivity project for the rural town of Villa Trinte and the Mapuche community of Juana Maquiñir in the Araucanía Region in Chile
- Universidad Insurgentes scholarship fund
- Laboratoria, a technology bootcamp for young women in Latin America
- Mexico 2017 earthquake relief campaign



Governance

Ownership and Control

As an independent firm, Linzor is fully owned and controlled by its partners⁵:

- Tim Purcell
- Alfredo Irigoien
- Carlos Ingham
- Cipriano Santisteban
- Matias Gutierrez
- Jean Bernard Ide
- Sharon Matthews
- Gerardo Biagi

Investment decisions and all other material matters require unanimous approval by the partners.

The partners convene weekly in Investment Committee meetings, with participation from the entire investment staff, to discuss ongoing investment opportunities, portfolio updates, and any other relevant developments. The agenda and discussion materials are distributed in advance. ESG-related findings or considerations are an integral part of these discussions, and all of the internal members of our ESG & Impact Committee also participate in the weekly Investment Committee.

The partners also hold partners-only meetings to discuss additional matters relating to the firm when needed.

Regulation

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.

Compliance

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.

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 status 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 investments, 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 typically include a discussion of progress on ESG and impact initiatives and disclosure of any material ESG incidents.

Cybersecurity and Data Privacy

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.

⁽⁵⁾ Here "Linzor" refers collectively to the different legal entities that serve as investment managers and general partners of the Linzor funds



03

Portfolio ESG
Overview

Introduction

KEY FIGURES

	Linzor Capital Partners, L.P. ("LCP I")	Linzor Capital Partners II, L.P. ("LCP II")	Linzor Capital Partners III, L.P. ("LCP III")
Unrealized portfolio companies ¹	2	6	6
Industry sectors	- Education - Financial Services	- Financial Services - Retail - Industrial (Food)	- Financial Services - Education - Telecom - Healthcare
Aggregate number of portfolio company employees	5,431	9,305	6,814
Net employment creation in portfolio companies since Linzor's entry	2,084	1,435	2,187

Scope of ESG Program

Linzor engages management on ESG matters through its role on the board of directors and executive committees	✓	✓	✓
ESG criteria taken into account in investment decisions	✓	✓	✓
ESG due diligence explicitly included in investment memos since 2013		✓	✓
ESG KPIs gathered since 2017	✓	✓	✓
Annual ESG & Impact review process ²			✓

(1) One company is held by LCP I and II, and another one is held by LCP II and III, making the total number of portfolio companies currently managed by Linzor 12.

(2) See Methodology section

The three Linzor funds currently own 12 portfolio companies with over 20,900 employees as of December 31, 2020. The ESG practices implemented across the

portfolio are slightly different as we have refined and formalized our approach over time. We have moved from ad-hoc discussions typically focused on ESG risk management

to a more structured process to evaluate companies on their ESG performance and incorporate improvement along this axis into our strategic plans for each company.





We believe we are moving beyond risk management and data gathering towards goal setting to generate tangible impact.

ESG Methodology

LCP III

In 2021, we initiated an annual ESG & impact review for our LCP III portfolio. At the start of this process, we held workshops facilitated by Manuia (a TriCiclos affiliate), a leading Latin American sustainability consultant, for each company's management team and the Linzor deal team that monitors the investment. In advance of the workshops, each team answered the SDG Action Manager, an impact management tool developed by B Lab and the United Nations Global Compact to enable businesses to identify gaps, set goals, track progress, and stay motivated on their actions toward the SDGs. The SDG Action Manager is comprised of 330 to 390 questions (depending on industry sector) about the alignment of current policies and practices with the SDGs, resulting in a score for

each goal. During the workshops, management teams and deal teams brainstormed ideas to increase their contributions, mitigate potential negative impacts, and improve their scores. The ideas generated in this session were then developed and refined into a detailed ESG and impact action plan within each company.

Subsequently, Linzor's ESG and Impact Committee, including the external committee members, held sessions with each portfolio company's management team and Linzor deal team to review the ESG and impact action plan, supported with raw data from the SDG Action Manager, a carbon footprint calculation, and a pre-defined list of ESG KPIs that Linzor is tracking across its portfolio. Plans included detailed information on timetable,

budget and responsible parties. These sessions produced very enriching conversations between companies' senior managers and the committee members, who identified additional areas for improvement, contributed fresh ideas, and challenged management to set more ambitious targets, including specific objectives to improve SDG Action Manager scores for 2022. These sessions will be held every year to validate that: (i) prior year commitments were executed; (ii) the following year's action plan is both ambitious and achievable; (iii) management teams' compensation is tied to ESG objectives. In the **LCP III Portfolio Overview** on page 21, we present a summary of the committee's findings regarding the current impact of our companies on various SDGs and the strategy and initiatives that are under implementation.

With this process, we believe we are moving beyond risk management and data gathering towards goal setting to generate tangible impact. Our overarching goal is for each portfolio company to become the gold standard for ESG performance in their sector and country. Our methodology is a work-in-progress that will be fine-tuned over time, incorporating feedback from relevant stakeholders as well as applicable reporting standards and guidelines to be issued by regulators or industry associations in the future. We know we still have a lot of work to accomplish our objectives, but we are motivated by the challenge and look forward to tracking the development in the next few years of the initiatives that we are planting right now. The portfolio companies' management teams share our aspirations and enthusiasm, and we are confident we have the appropriate teams in place to execute these plans.

Our focus on ESG and impact initiatives at the portfolio company level has also provided an additional source of motivation and drive for the management teams, who value working with a shareholder that considers these topics to be important to the company's strategy.

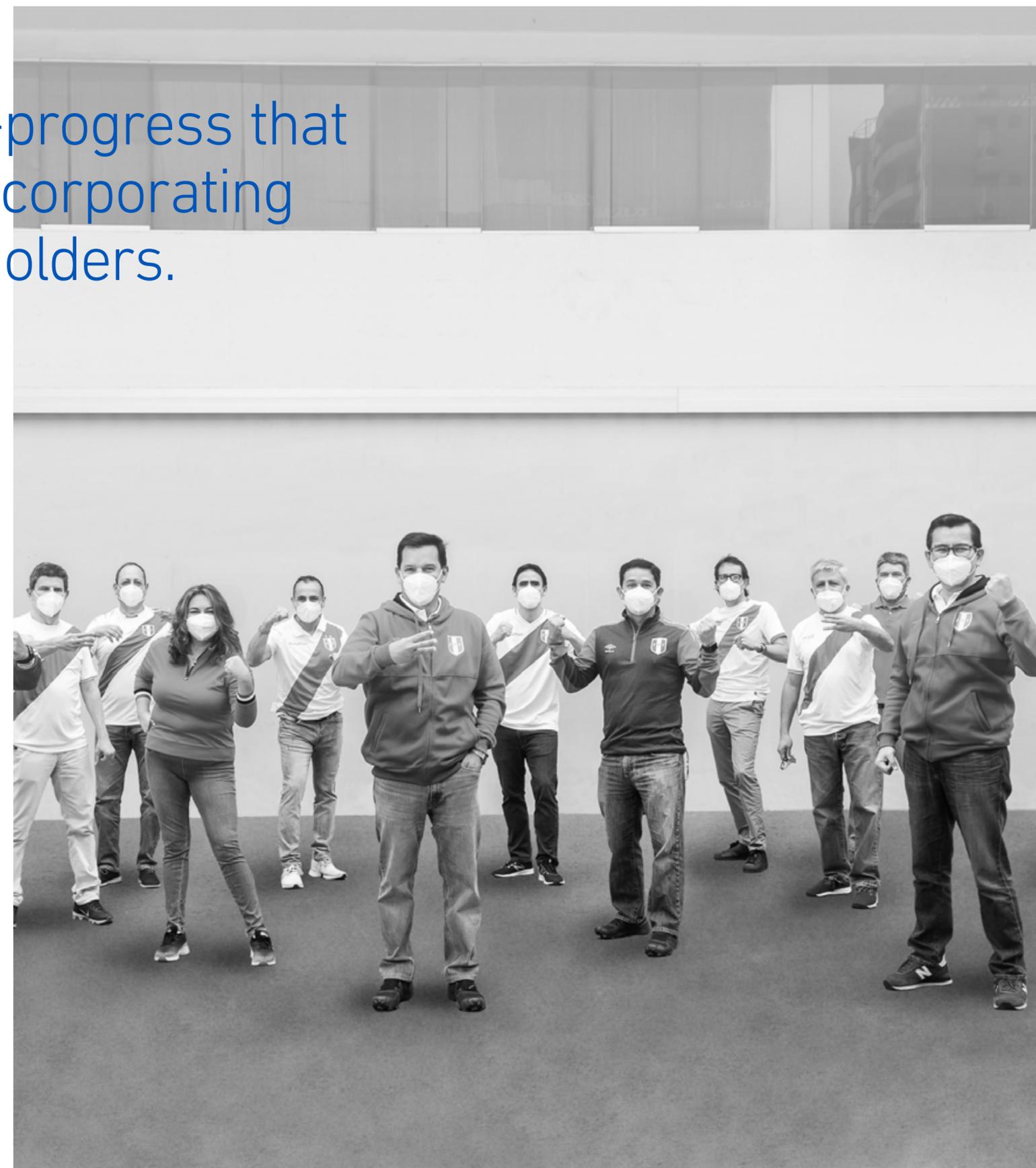
Our methodology is a work-in-progress that will be fine-tuned over time, incorporating feedback from relevant stakeholders.

We have discovered an equally high level of motivation within Linzor, at all levels of the firm, which we believe will have positive repercussions in our future recruiting and retention efforts.

LCP I and LCP II

Because our first two funds have already completed their initial term and are now in process of exiting their investments, we have not implemented the full process described above. Instead, our Investment Committee monitors a standardized set of ESG KPIs annually as part of these companies' year-end valuation exercise, with a focus on areas such as environmental initiatives, job creation, work accidents, board composition, and compliance policies. Linzor representatives in the board of directors and executive committees

are knowledgeable in ESG matters and ensure that these topics are given adequate visibility and consideration in those discussions, while management teams are encouraged to pursue initiatives proactively and are provided with the resources to execute them. In some portfolio companies, this process has produced positive ESG outcomes, such as in Farmashop, which has been recognized by LAVCA and other organizations for its outstanding policies and practices in social responsibility. Nonetheless, we recognize that in other cases, the lack of structure in our ESG process and the proximity of exit may lead to lower priority for ESG issues relative to other strategic initiatives. In the **LCP I & LCP II Portfolio Overview** on page 39, we cover the highlights of ESG initiatives in place in these companies.





Our companies have a strong social purpose and the potential to generate tremendous social impact by scaling their operations further.

LCP III Portfolio Overview

We believe the LCP III portfolio companies have a strong social purpose and the potential to generate tremendous social impact by scaling their operations further. At their core, they provide high quality affordable services to underserved client segments in their respective industry sectors: Sies Salud and Uno Salud in healthcare, UIN and UTEL in education, Mundo in internet connectivity, and Engen in financing for small and medium enterprises (SMEs). As summarized in the following pages, these companies are already addressing several

components of the SDGs through their operations, and together with their management teams and the Linzor ESG & Impact Committee, we have agreed on detailed action plans that will increase their SDG contributions and drive value creation in the businesses.



Sies Salud / Impact Thesis

Sies Salud's business model is centered on providing health and well-being to patients with (i) chronic pathologies, including HIV, chronic kidney disease ("CKD"), arthritis, and hepatitis C; (ii) primary care and prevention needs; and (iii) palliative needs. This allows Sies to generate a long-lasting, positive social and health impact on its patients.

Country:
Colombia

Industry:
Healthcare

Investment Date:
December 2020

www.siessalud.com

3 GOOD HEALTH AND WELL-BEING



- **+58,000** treated patients per month (+18% since Dec'20)
- **High touch service:** 16+ annual interactions per avg. patient, including psychological consultation, vaccines, and nutritionist
- Patient NPS: **95%**
- **6%** of patients are from vulnerable population segments (e.g. sex workers, drug addicts, homeless)
- % of HIV patients with undetectable viral load: 82%, vs. national average of 80%

- HIV death rate lower than national average
 - **0.3%**, vs. national average of 1.4%
 - National avg. has been increasing, while Sies' has been decreasing
- **0%** mother to child HIV transmission
 - Program includes free infant formula nourishment for 187 babies

- **\$0** co-payments by patients
 - 100% of costs covered by Colombia's mandatory insurance system
 - 15% patients under subsidized regime (lowest income / unemployed)
- **High quality** health programs
 - 3 nominations + 1st place in annual national quality awards, since 2019
- Health care access: **20** sites nationwide + telemedicine

8 DECENT WORK AND ECONOMIC GROWTH



- Patients treated continue being productive members of society
- **976** employees; **343** jobs created since 2019
- Internal department called "Employee Experience" focused on worker well-being
 - Extra time off: 3 "disconnection" days, half day on birthdays, half day on child's birthday
 - Emotional support program
 - Employee economic aid program (calamity, education, and food, among others)
 - Healthy habits campaign

13 CLIMATE ACTION



- Telemedicine reduces patients' carbon footprint
 - HIV: 85% of appointments, CKD: 66%
- Solar panels pilot project (installation in **3** sites)
- 0 paper plan: reduction of **80%** of paper consumption

5 GENDER EQUALITY



- **73%** of Sies workforce is comprised of women
- **68%** of management roles are performed by women

Action Plan



SDG 3: **Good Health and Well-Being**

Launch a mass campaign to spread awareness of and prevent HIV and other diseases treated by Sies, in line with the company's mission to improve Colombians' health.

SDG 12: **Responsible Consumption and Production**

Paperless operations project to reduce paper consumption through process digitalization and automation.

SDG 7: **Affordable and Clean Energy**

Pilot installation of solar panels in 3 sites. Goal is to have solar panels in all company sites and generate ~40% of Sies' electricity requirements this way.

SDG 10: **Reduced Inequalities** SDG 5: **Gender Equality**

Recruiting focus for certain roles in vulnerable/disadvantaged population groups to increase diversity and provide economic opportunities.

Training and promotion of diversity, equity and inclusion among employees and the surrounding community.





Uno Salud / Impact Thesis

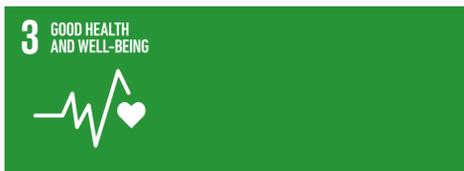
Uno Salud's core mission of providing high quality dental services at affordable prices is based on the premise of democratizing oral health and providing equal opportunities across all socioeconomic levels, which goes together with the company's commitment to granting job opportunities for recent graduates and remaining deeply involved throughout the formation of young professionals.

Country:
Chile

Industry:
Healthcare

Investment Date:
December 2020

www.unosalud.com



- **245,197** patients treated in 2020
 - 1.3% of Chilean population
- **100%** of diagnosis are free
- Focused on employees' needs
 - 193 employees or family members treated during Nov'20-Mar'21
- Recently launched programs for employees addressing selfcare



- Hazardous materials' storage, usage and disposal procedures are thoroughly documented and labeled
- **100%** use of LED lighting



- Engaged in formation of young professionals:
 - **10%** of Uno Salud's dentists are comprised of recent graduates (0-2 years after graduation)
 - **29%** of Uno Salud's dental assistants are comprised of recent graduates (0-2 years after graduation)



- **61** clinics with presence in 13 out of 16 regions
- **54.6%** of patients and **53.3%** of revenue comes from the middle and lower-middle class, which together account for 64.1% of urban population in Chile
- Affordability: **10-20%** lower prices than largest competitors



- **86%** of workforce comprised by women
- Women occupy **50%** of top management roles
- No gender pay gap at the clinic level (compensation policy for dental assistants, receptionists and clinic managers is based on tenure and performance, and is applied consistently without regard to gender)

Action Plan



SDG 3: Good Health and Well-Being

Provide preferential access and discounts for employees and their families to improve their oral health.

Facilitate access to oral health among remote or disadvantaged communities, especially in regions, taking advantage of Uno Salud's national presence and by developing agreements with universities and suppliers.

SDG 5: Gender Equality

Promote gender equality across the entire organization, particularly focusing on recruiting, compensation and professional development.

SDG 12: Responsible Consumption and Production

Study company's impact on the environment in order to instill best practices regarding supplies, energy consumption and waste management throughout the organization.

Partner with core suppliers that also deem this issue as a top priority.

SDG 10: Reduced Inequalities

Establish and promote the use of communication channels for internal and external stakeholders to express their needs and complaints.

Reduce information mismatch between patient-dentist.

Make job opportunities available to applicants from all backgrounds.





Mundo / Impact Thesis

Mundo's low-cost fiber broadband services business generate 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.

Country:
Chile

Industry:
Telecommunication

Investment Date:
September 2019

www.tumundo.cl

8 DECENT WORK AND ECONOMIC GROWTH



- **1,100** jobs created since Linzor's entry in 2019
 - 2.2x vs initial headcount
- Mundo's network covers **32%** of Chile's households, helping to reduce the digital gap
 - Only 56% of the country's households have a broadband connection

4 QUALITY EDUCATION



- **450** workers trained by external parties during 2020 (**26%** of total workforce)
- **2** channels in Mundo's TV grid dedicated to promoting education in Chile and **1** to promote Chile's cultural identity, environment preservation and the proper management of natural resources

10 REDUCED INEQUALITIES



- Provision of free-of-charge services to **+1,600** clients
 - Municipalities, fire stations, schools, residences for the elderly, among others
- Quality service at an affordable price
 - 15%-20% discount relative to peers
 - Mundo has become the market disruptor, igniting competitive pressure within the industry, leading to better prices for customers across the board

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



- Mundo operates the largest FTTH network in Chile with **~2.7mm** homes passed and is the **#2** largest player in the space with **~606k** subscribers
 - **96%** of Mundo's clients served with FTTH, plan to migrate remaining 4% by the end of 2022
- Fiber optic provides better quality and faster broadband connections than older technologies such as HFC, ADSL, and others

Action Plan



SDG 1: No Poverty

Expand provision of free of charge broadband services to vulnerable and underserved populations in the communities where Mundo operates. By increasing the availability of quality broadband services, Mundo aims to continue reducing the digital gap in Chile, and provide these communities with increased opportunities for business, traditional and remote work, education, and entertainment, among others.

SDG 5: Gender Equality

Formalize a nondiscrimination policy to ensure equal treatment, prevent harassment and enable workers to have the necessary channels to report any wrongdoing.

SDG 4: Quality Education

Focus on providing Mundo's employees with access to relevant re-skilling tools, ongoing training and feedback, to ensure the permanent development of its workforce.

SDG 11: Sustainable Cities and Communities

Assess electricity consumption in hubs and HQs. Evaluate use of solar energy for hubs.

Reduce energy usage through an evaluation of the A/C cooling systems used and associated CO₂ emissions.

Evaluate alternatives to make the technicians' fleet more efficient in terms of fuel consumption.





UTEL / Impact Thesis

UTEL's pure online higher education and upskilling business provides people from 10+ 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.

Country:
Regional

Industry:
Education

Investment Date:
May 2018

www.utel.edu.mx



- Student and teacher NPS of **66%** & **77%** vs **10%-30%** in mid/lower market universities
- Students' overall satisfaction: **9.0/10.0**
- **+ 20,000** alumni
- Completion rates **~40%** for pure online mid/lower market (above Brazilian competitors)
- **1/50** teacher-student ratio; **1/120** tutor-student ratio (high touch & high tech)

- Partnerships in OPM with top universities (EAFIT in Colombia and Universidad Panamericana in Mexico)
- Accreditation and certifications:
 - 65 accredited programs
 - NACES equivalency
 - FIMPES accreditation underway
 - Partnerships with Microsoft, Google, AWS, Github, UNICEF and UNITAR.



- Employment rates of **79%** and **89%** for students and alumni, respectively
- UTEL alumni earn **2x** the national average and **~4x** the minimum wage
- **63%** of workforce comprised by women
- Women occupy **43%** of top management roles.



- **+1,500** jobs created since Linzor's investment in 2018 (4x initial headcount)
- Total enrollment of **61k** May'21 vs **26k** at Linzor's entry (12.5k international students)
- **4** OPM contracts signed, pipeline with 30+ prospect universities
- Geographic expansion to **9** LATAM countries in last **18** months

- **25%** of the alumni earn **+20K MXN/month**
- Penetration of higher ed. in Mexico is only 22% (OECD countries average of 38%).



- Environmentally friendly business model
 - **28kg** per student (equivalent to 30% of a traditional university annual emissions per student)
- Low fossil fuel consumption
- Low waste production
- Permanent remote work in some positions

Action Plan



SDG 4: Quality Education

Provide quality educational opportunities to UTEL's community for their professional and personal development.

Provide faculty with training programs and continue seeking accreditations to ensure UTEL maintains academic best practices.

SDG 8: Decent Work and Economic Growth

Provide a best in class work environment for our employees and their families.

Design a great onboarding experience, invest in employee wellness and offer clear career development tools and opportunities.

Continuously invest in academic content and delivery, student networking and job fairs to keep improving student employability.

SDG 5: Gender Equality

Reinforce and formalize existing policies that guarantee gender equality among employees:

- All employees are offered the same economic, social, and developmental opportunities and work conditions.
- No gender pay gap. The company implements best practices with regards to compensation.
- Employees are guaranteed all rights protected by law and additional rights in line with best practices.

SDG 13: Climate Action

Leverage UTEL's platform and expertise to educate stakeholders and the general public about climate action and best practices to reduce carbon emissions.





UIN / Impact Thesis

UIN offers quality and affordable education to lower economic segments, providing its students 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.

Country:
Mexico

Industry:
Education

Investment Date:
May 2017

www.universidadinsurgentes.edu.mx



- **66%** of alumni find a job within **6** months post graduation vs. national average of **46%**
- One of the **14** institutions offering affordable education among members of the quality association FIMPES (**112** members out of **~2,500** higher education institutions in Mexico)
- Partnerships with the most prestigious educational institutions in Mexico

- **~25** months payback period based on average graduates' net salary increase
- **~53%** salary increase post graduation



- UIN promotes job formality through its own career service department and student network
 - 13% of UIN students work in the informal sector after graduation vs. 44% national average
- One of the few higher education institutions in the affordable sector that provides social security to **100%** of its teachers and staff members



- Strict no discrimination policy
- Zero-tolerance sexual harassment policy
 - There is a median probability of 49% that a woman is exposed to sexual harassment in higher education vs. a 1/3 probability throughout their lifetime

- Full participation and equal opportunities for women in leadership
 - **62%** female staff members
 - **59%** female students
 - 1 female independent board member



- Quality education for lower-income segment students
 - **~80-90%** of UIN's students are first generation university students
 - Only 18% of Mexicans have a post-secondary education
- Remuneration policy strictly based on a responsibility matrix, ensuring equal pay regardless of gender

Action Plan



SDG 4: Quality Education

Promote sustainable development by including ESG as a core component in UIN's academic content and activities.

Continue strengthening the faculty training program, including soft skills, professional development and ESG content.

SDG 10: Reduced Inequalities

Monitor employability and salary increase among alumni base.

Continue monitoring and endorsing equal pay based on responsibility level.

Sponsor impact and social service programs.

SDG 5: Gender Equality

Promote full participation and equal opportunities for women in leadership through UIN's curricula, alumni network, and events.

SDG 8: Decent Work and Economic Growth

Continue working towards increasing decent and productive employment among young people through UIN's academic delivery, student network and job fairs organized by the career services department.

Include entrepreneurship in the core curricula and provide mentoring and coaching to aspiring entrepreneurs.



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.

Country:
Mexico

Industry:
Financial Services

Investment Date:
March 2016

www.engen.com.mx



- Engen has provided financing to over **3,500** SMEs
 - Representing over 75% of its current customer base, with tailor-made leasing products, providing an alternative funding source to traditional banks, which are typically inaccessible to SMEs
- Since Linzor's investment in 2011, TIP (now a subsidiary of Engen) has been a reliable source of employment, increasing its workforce from **115** to **359** employees (**212%** net growth)



- TIP's share of women in top management positions is currently **27%** vs. the national average of 16%
- TIP's percentage of total workforce comprised by women is above **47%** (growing 3.0pp Y-o-Y)
- **1** of the **8** seats of Engen's Board of Directors is occupied by a woman (representing **12.5%** of the vote compared to Mexico's average of 8.7%)

→ Additionally, the company has in place programs to: i) monitor and control gender compensation gaps ii) foster an inclusive environment through employment of workers with disabilities and iii) promote a culture of non-discrimination



- Engen employees' compensation and benefit levels are **18%** above industry standards, on average
 - Low workforce rotation rate, with an annual churn for 2020 of ~9% (down from 10% in 2019)



- Engen's average annual electricity consumption per employee during 2019 – 2020 was **1,178** kWh
 - 58% below EU's average of 2,823 kWh per employee
- Adoption of LED lighting throughout Engen facilities is close to **100%** vs. Mexico's national average of **84%**

- Engen has implemented a program in which it manages over **70%** of its waste
 - According to INEGI, in Mexico less than 50% of households and businesses manage waste appropriately
- For 2020, TIP, whose main energy consumption comes from the vehicle maintenance and service areas, had a **22%** decrease Y-o-Y, in consumption

Action Plan



SDG 7: Affordable and Clean Energy

Offer a specialized product to finance electric/hybrid cars to foster their adoption in the short/medium term with a long-lasting impact.

Complimentary service to convert customers' leases into "zero emission" financing, seeking to neutralize the carbon footprint of financed assets.

Provide a service to encourage the repair of used trailer dry vans/containers to extend their useful lives and reduce the production of new units, avoiding CO₂ emissions from their manufacturing.

SDG 5: Gender Equality

Leverage leading industry position and 600+ employee base to increase awareness of equality, diversity and inclusion within the financial industry in Mexico.

SDG 10: Reduced Inequalities

Internal actions to set equality, diversity and inclusion at the core of Engen's culture.

- Annual training campaigns for employees.
- Creation of an internal Diversity and Inclusion Committee (LGBT and Women) to increase representation.
- Formalization and promotion of Engen's policies related to 1) non-discrimination, 2) gender equality and 3) human rights.
- Seek the certification of a Socially Responsible Company.



COVID-19 Impact

The LCP III portfolio companies have been resilient to the market shocks caused by the COVID-19 pandemic. This has been in large part thanks to their focus on the value segment and their strategy of providing access to important services, such as healthcare and internet connectivity, to previously underserved populations. The wave of lockdowns and other pandemic-related restrictions required these companies to adapt rapidly to a changing environment



Moving key processes to digital channels

Sies increased its use of telemedicine, Mundo implemented a shift to call center sales and digital collection channels.



Cutting costs to preserve liquidity

Executed cost restructuring plans at UIN and Engen. In each company, we were careful to balance the need for cost reductions with the objective to limit layoffs as much as possible. Some companies implemented furloughs and temporary salary reductions, while some participated in job protection programs introduced by governments.



Supporting clients and communities in need

Engen granted payment relief programs covering 29% of its loan portfolio, UIN provided financial support to 6,000+ students, and Mundo awarded free connectivity to ~250 sites, such as hospitals, contact tracing centers, emergency shelters, and elderly residences, among others.



Making accommodations to preserve the health of employees

All companies directed non-essential staff to work from home (in some cases, prior to official lockdown orders). Essential workers, such as Mundo's on-ground technicians and health personnel at Sies and Uno Salud, adopted special safety protocols.



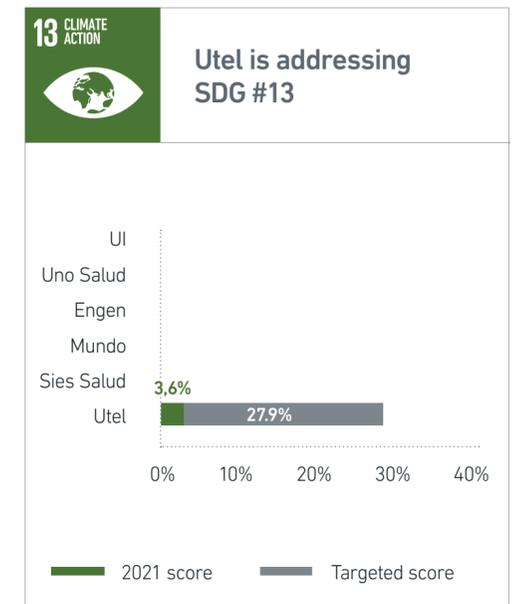
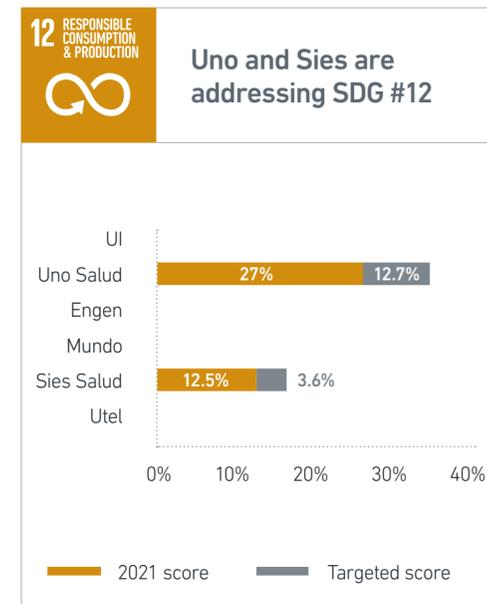
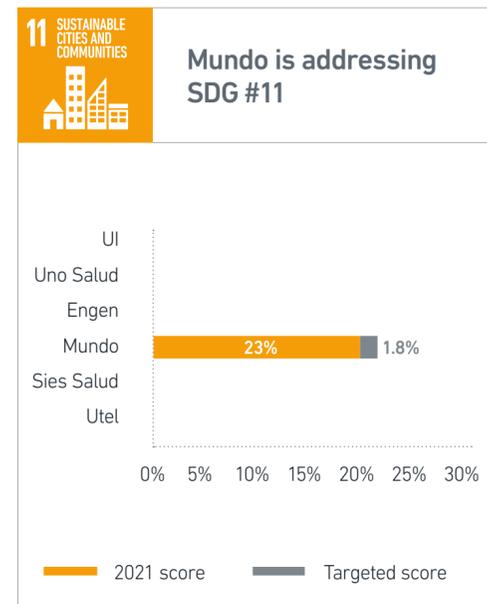
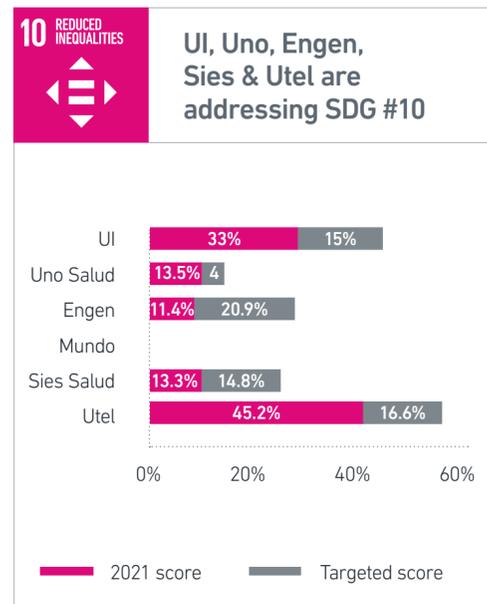
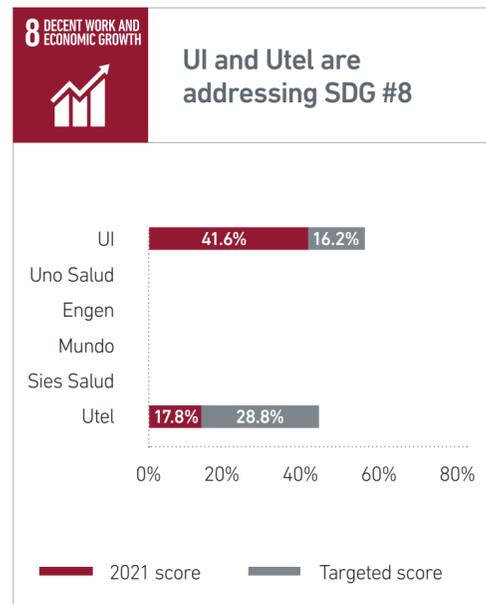
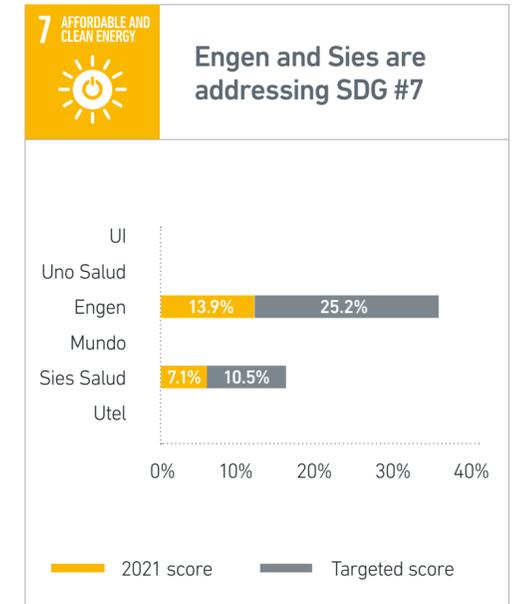
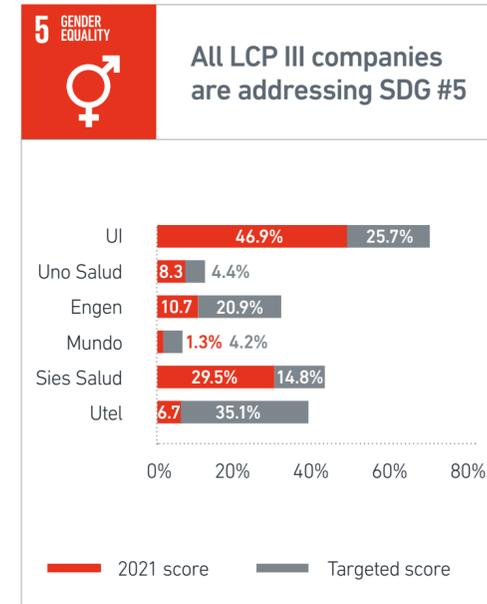
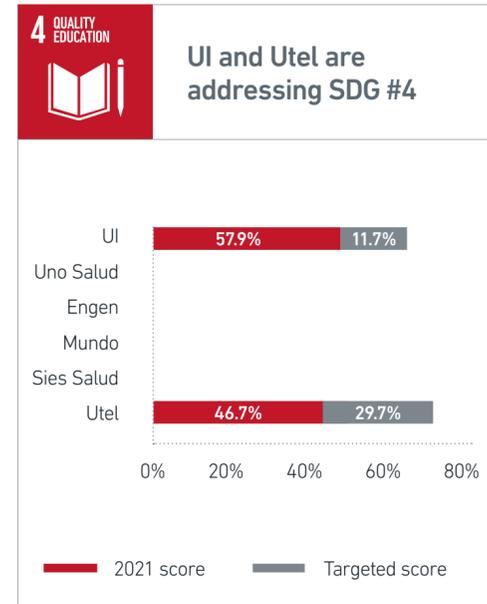
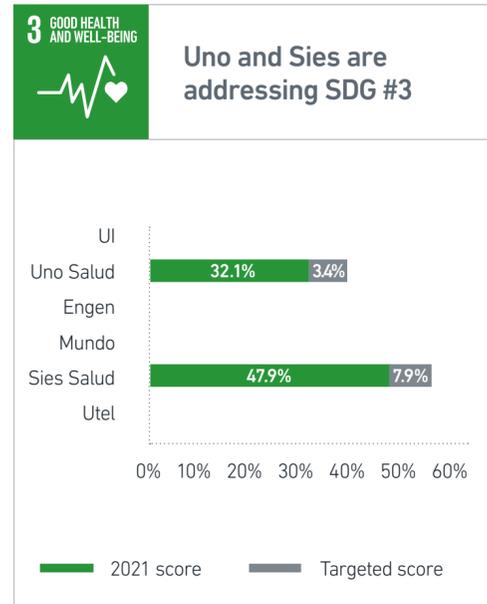
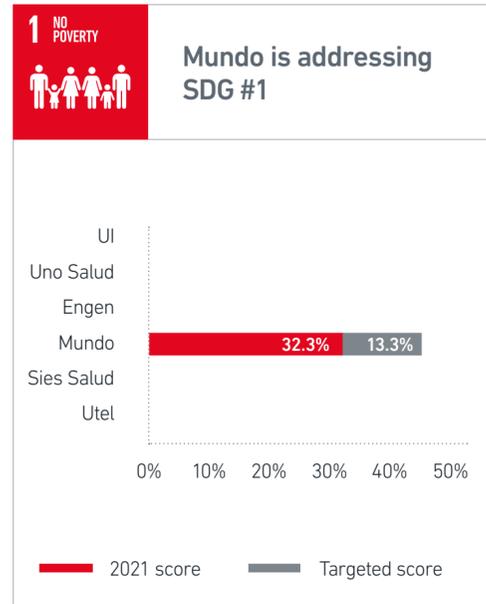
Seizing new growth opportunities

UTEL and Mundo accelerated their respective expansion plans to meet the rise in demand for online higher education and internet access.

LCP III SDG Action Manager Scores

The SDG Action Manager is an impact management tool developed by B Lab and the United Nations Global Compact, comprised of 330 to 390 questions (depending on industry sector) measuring the alignment of current policies and practices with the SDGs, resulting in a score for each SDG.

Through their action plans, our portfolio companies expect to increase their scores for certain SDGs. These graphs show the current score and the targeted increase for each SDG.



One idea to bring together the community for a maximum impact on ESG

As part of LCP III's ESG focus, we encouraged each portfolio company to develop an original idea, unique to the company and in line with their impact thesis, with the objective of empowering clients, suppliers, employees and NGOs around an ESG project developed and sponsored by the company. The purpose of this initiative is to generate a positive impact on a local community. This idea is based on Farmashop's successful 2019 initiative to hire women looking to reenter the workforce, which not only provided attractive work opportunities to a disadvantaged segment of the population, but also positively impacted the business. Management teams have enthusiastically bought into this idea and are working to kick off this project with a dedicated team, allocated resources and a defined timetable.

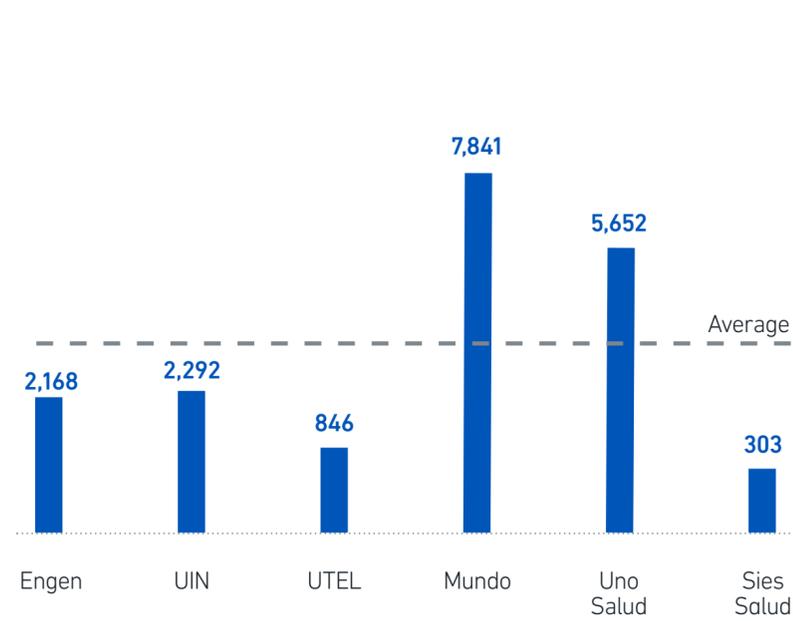


Portfolio Company	Original initiative	UN SDG Goals
Engen	Specialized product to finance electric and hybrid vehicles	 
UI	Women's empowerment program to support and develop female leaders	 
Utel	Short courses and degrees for marginalized populations	 
Mundo	Free connectivity and computer equipment for indigenous communities	 
Uno Salud	Oral health campaigns for remote and disadvantaged communities	 
Sies Salud	Prevention campaign for HIV and other chronic diseases	 

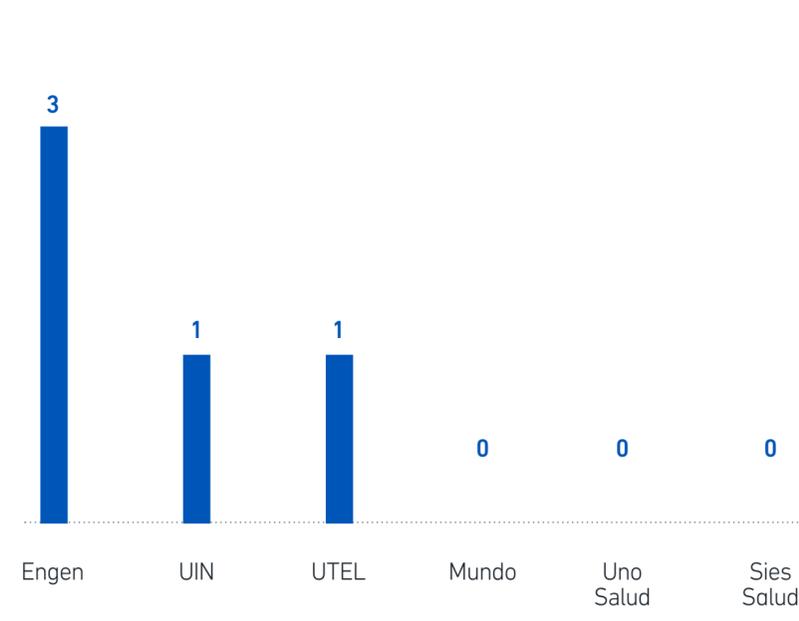
LCP III Portfolio KPIs

(as of December 31, 2020)

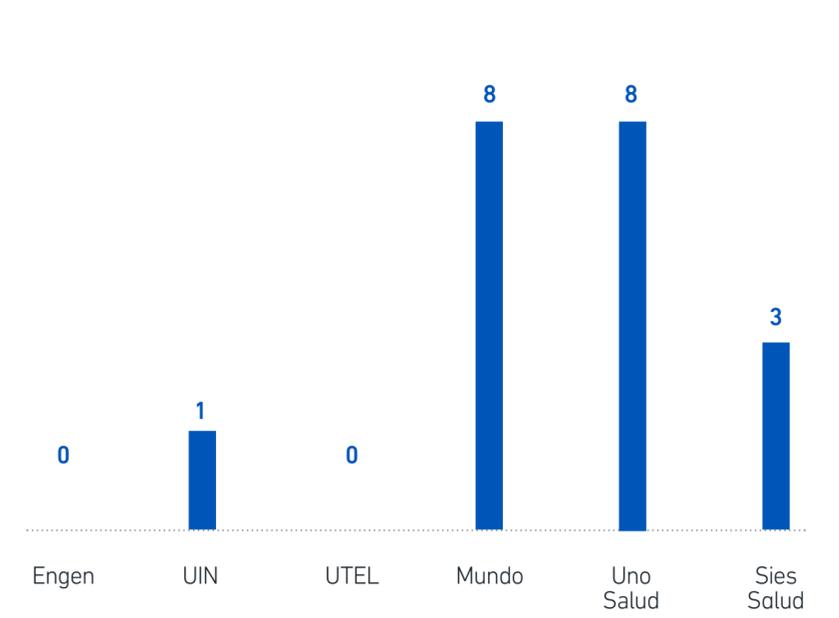
2020 CARBON EMISSIONS PER EMPLOYEE (CO2 KGS)



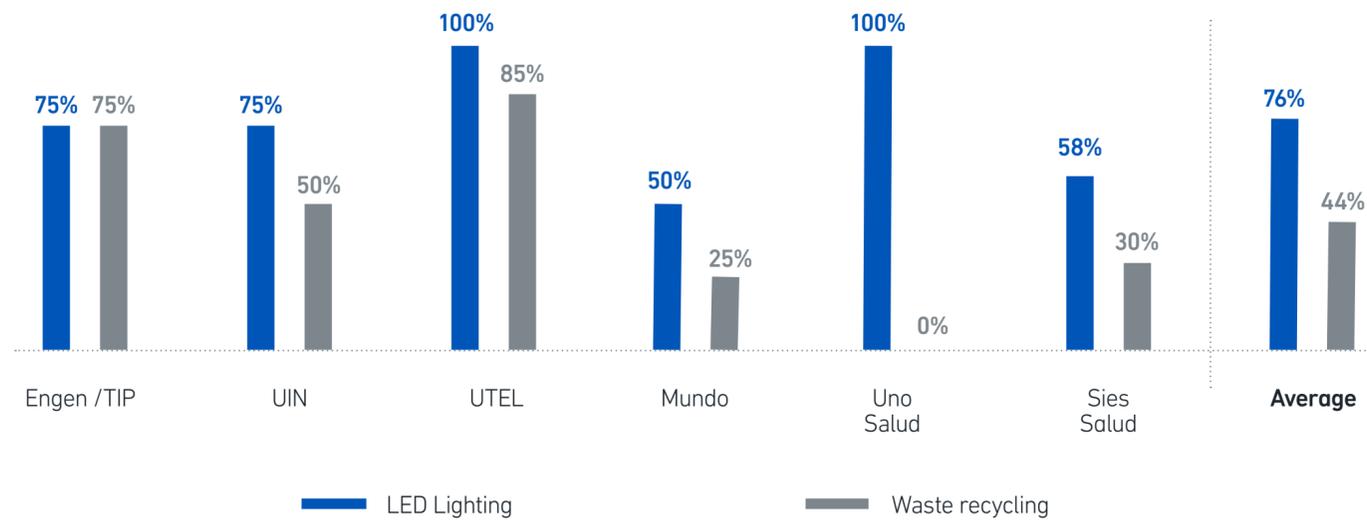
NUMBER OF INDEPENDENT BOARD MEMBERS



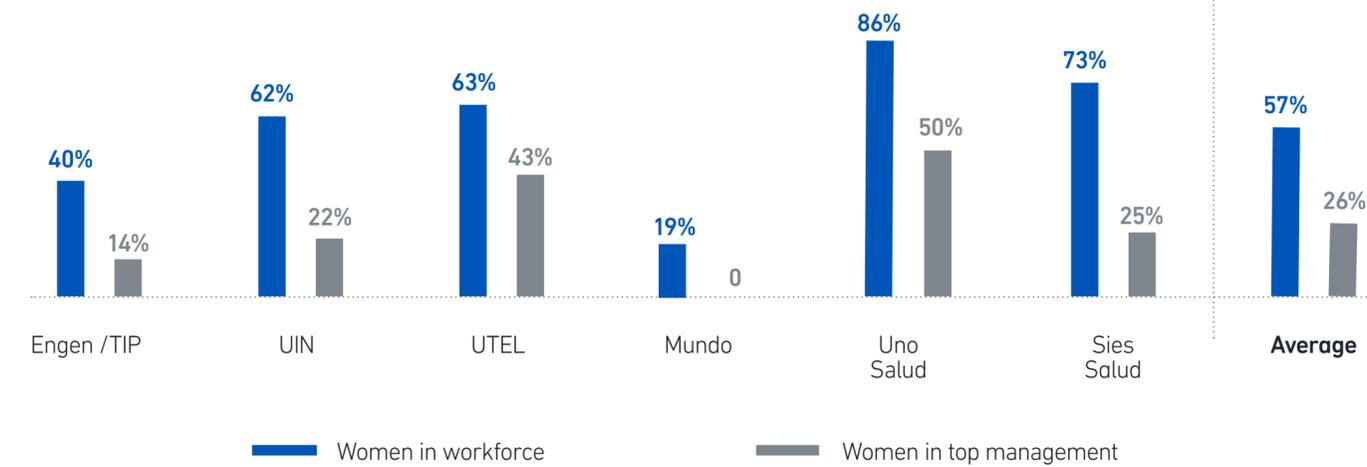
NUMBER OF SERIOUS WORK-RELATED ACCIDENTS (+15 WORKING DAYS OF LEAVE)



LED LIGHTING AND WASTE RECYCLING



PARTICIPATION OF WOMEN IN WORKFORCE



GOVERNANCE BEST PRACTICES

Portfolio Company	Audit Committee	HR Committee	Big 4 audit	Management option plan	Whistleblower policy	Social security coverage
Engen	✓	✓	✓	✓	✓	✓
UIN	✗	✗	✓	✓	✓	✓
UTEL	✓	✓	✓	✓	✓	✓
Mundo	✗	✗	✓	✓	✗	✓
Uno Salud	✗	✗	✓	✓	✗	✓
Sies Salud	✗	✗	✓	✓	✓	✓

LCP I & LCP II Portfolio Overview



Country: Chile | **Industry:** Education | **Investment Date:** August 2009

www.santotomas.cl

Santo Tomas is one of the largest private educational groups in Chile and a leader in the low and middle-income student segment, serving approximately 87,000 higher education students and over 6,600 K-12 students. Universidad Santo Tomas is led by Maria Olivia Recart, who was appointed in 2018 and is one of the few female presidents of large universities in Chile.

- Santo Tomas is focused on providing a high quality student experience and a diverse and relevant academic offering throughout its university, professional institute and technical centers, all of which have received high marks during their most recent accreditation reviews. The university was accredited for 4 years, while the professional and technical institutions were recently accredited for 5 years.
- Based on Santo Tomas' accreditation, its students are eligible to apply for free tuition (full financing by the government) if they meet criteria such as household income in the bottom 60% and not having already
- Santo Tomas is focused on providing a high quality student experience and a diverse and relevant academic offering throughout its university, professional institute and technical centers, all of which have received high marks during their most recent accreditation reviews. The university was accredited for 4 years, while the professional and technical institutions were recently accredited for 5 years.
- During COVID-19, Santo Tomas migrated to online education and implemented channels for students to get technical, academic and financial support, including the granting of 23,615 scholarships for internet connection. The institution emerged successfully from a regulatory audit assessing its transition to online education, receiving unanimous approval along all dimensions evaluated.
- The governing body of the educational institutions includes three remunerated independent directors with relevant track records in the education space.



Country: Uruguay | **Industry:** Pharmacy Retail | **Investment Date:** January 2013

www.farmashop.com.uy

Farmashop, the largest pharmacy chain in Uruguay, implemented several environmental and social responsibility initiatives following our entry, spearheaded by an ESG-conscious management team that was recruited by Linzor after a successful tenure in a prior LCP I portfolio company.

- Started using bicycles for home deliveries, recycling paper and cardboard, and encouraging customers to use reusable shopping bags.
- Launched campaigns to promote employees' and customers' health and wellbeing.
- Introduced a blended-learning training and career development program covering all employees in the organization.
- Special focus on inclusive hiring practices, with special recruiting programs targeted at young people seeking their first job, women seeking to reenter the workforce after a period of absence, and individuals with disabilities.
- Scholarships for employees to further their education, obtaining professional degrees in Pharmacy and completing various courses in management, beauty and cosmetics, and pharmaceutical logistics, among others.
- These initiatives have strengthened the company's brand as an employer, attracting and retaining talented professionals, and even exporting talent to other Linzor portfolio companies.



Country: Regional | **Industry:** Food | **Investment Date:** October 2013

www.pagnifique.com

Pagnifique is a leading regional producer of frozen bread and pastries, operating state-of-the-art production facilities in Uruguay, the United States, and Mexico.

- Pagnifique Uruguay donates surplus inventory from its bakeries at the end of each business day to shelters and food centers for children of less privileged backgrounds. Donations are channeled through Plato Lleno and other non-profit organizations that operate food redistribution networks facilitating the link between sources and recipients of surplus food products. As of June 2021, 83 of Pagnifique's 110 points of sale are participating in the program.
- Pagnifique Mexico donates bread to Comedor Santa María, a non-governmental organization that provides daily meals to 10,000 lower income children in Mexico, and Desarrollo Integral de la Familia, a government agency that coordinates public and private assistance for lower income families.



Country: Peru	Industry: Retail and Consumer Finance	Investment Date: December 2012
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www.efe.com.pe
www.lacuracao.pe
www.efectiva.com.pe

Grupo Efe operates the #1 specialty retailer of home appliances in Peru through two banner names, Tiendas EFE and La Curacao, and provides consumer credit through Financiera Efectiva.

- The company was recognized in the 2020 Great Place To Work ranking for the second consecutive year among the top employers in Peru, with 97% of the retailers' employees and 93% of the consumer finance employees reporting that it is an excellent place to work.
- EFE has increased the use of LED or other energy-saving lighting, from about 40% implementation when Linzor started tracking it formally (2017) to nearly 75% at present. The company has also increased recycling, from about 10% in 2017 to 50-75% today.



Country: Regional	Industry: Apparel Retail	Investment Date: March 2014
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www.komax.cl

Komax is a leading apparel and footwear retailer in Chile, Peru and Uruguay with exclusive rights to a portfolio of 12 well-known global brands and 4 own brands.

- Komax Chile is developing a buy & sell website feature for second-hand articles (Andesgear) and has established an alliance with Vestua, a second-hand clothing retailer, facilitating the resale or donation of used clothes by Komax's clients.
- The company's travel policy includes flights in economy class for all employees, which has a significantly lower carbon footprint than business class.

Areas for Improvement

Over the last year, we have taken a closer look at our responsible investment policy, the sustainability initiatives in place at Linzor and in our portfolio companies, and the outcomes attained as a result of those policies and practices. As part of this process, we have identified several areas for improvement that we plan to address in the future.

Gender Diversity

Women are significantly underrepresented in the private equity industry, as well as in the boards and senior management of companies that receive private equity investment⁶. We recognize that Linzor is no exception to this trend; as of June 30, 2021, we only had 4 women among the 24 professionals in our investment and investor relations teams (16.7%), and as of December 31, 2020, 9 out of a total of 99 board seats in our portfolio companies were occupied by women (9.1%). The lack of gender balance puts us at a disadvantage, as more diverse teams are correlated with enhanced decision making, expanded deal sourcing and higher investment returns⁷. We acknowledge that we have a lot of work to do to improve in this area, and we plan to review our recruiting, retention and promotion strategies over the coming months to address any factors that may be keeping us from achieving greater gender diversity within the firm, recognizing that it will be a long-term effort.

In addition, we were surprised by the relatively low scores obtained by some LCP III portfolio companies along SDG #5 Gender Equality in the SDG Action Manager. In many cases, the score will improve significantly within the next year as certain policies and practices already present in the companies are reinforced, institutionalized and given the level of formality required by the SDG Action Manager to achieve higher ratings.

Legacy Portfolio

As mentioned earlier in this report, the portfolio companies in our first two funds are not undergoing the rigorous, systematic process for reviewing and driving ESG performance that we have implemented in LCP III. The reason for this was to focus the investment team's efforts on the companies that we intend to hold furthest into the future, where we can realize the value creation and ESG KPI improvement of the action plans implemented now. Still, LCP I and II portfolio companies have certain ESG initiatives in place and opportunities for improvement, which we should promote more forcefully through our role in the boards and executive committees.

Governance

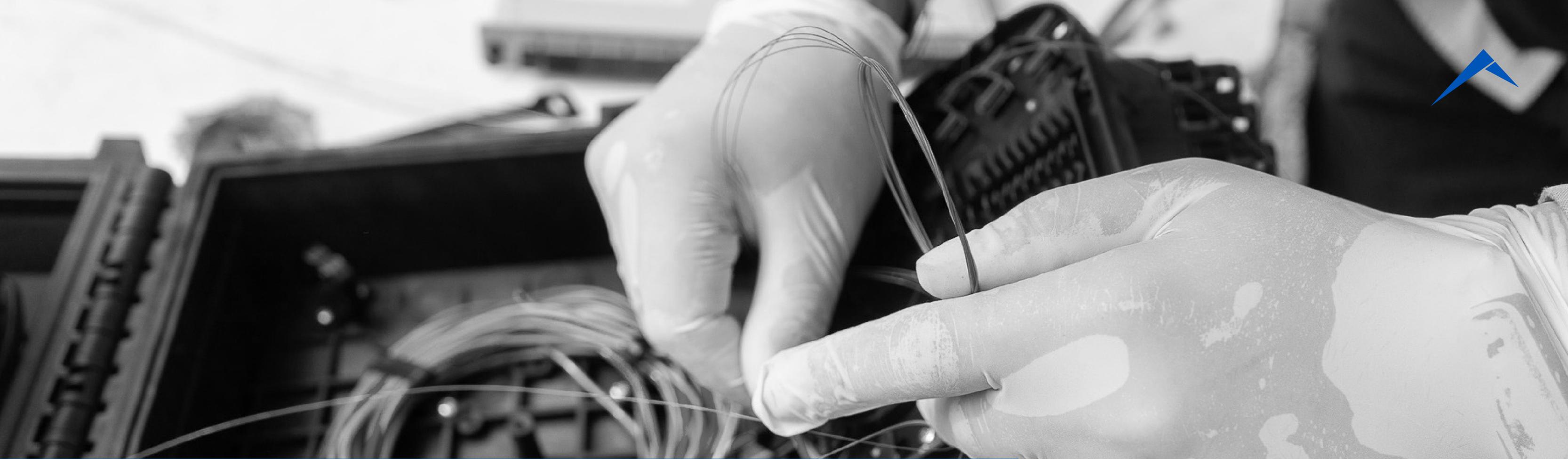
We are committed to further strengthening the governance of LCP III portfolio companies, by achieving 100% compliance with the best practices outlined in the table in page 38: audit and HR committees, whistleblower policy, big 4 audit, management option plans, and social security coverage.

Climate Action

SDG #13 Climate Action and SDG #7 Affordable and Clean Energy are currently addressed in the action plans of only some of our portfolio companies. While this might be attributable to the fact that most of the portfolio is concentrated in industries with low carbon intensity, we believe that there is room to implement energy saving and carbon footprint reduction initiatives and targets across all companies. Linzor recently joined the Latin American Investors Climate Initiative, sponsored by the PRI, which is providing us with training and tools to become more active and knowledgeable about climate risks and opportunities in the portfolio. We have also made a commitment to the Net Zero Asset Managers Initiative and we plan to implement the climate disclosures recommended by the Task Force on Climate-related Financial Disclosures.

⁽⁶⁾ According to Preqin's report "Women in Private Equity" (2019), 17.9% of private equity employees worldwide are women (the lowest of any asset class, including other alternatives), 5.2% of board seats at private equity firms are held by women, and 9.9% of senior roles at private equity firms are occupied by women.

⁽⁷⁾ According to a 2019 study conducted by the IFC, Oliver Wyman and RockCreek drawing on gender diversity and performance data from 700+ funds and 500+ portfolio companies, "Moving Toward Gender Balance in Private Equity and Venture Capital".

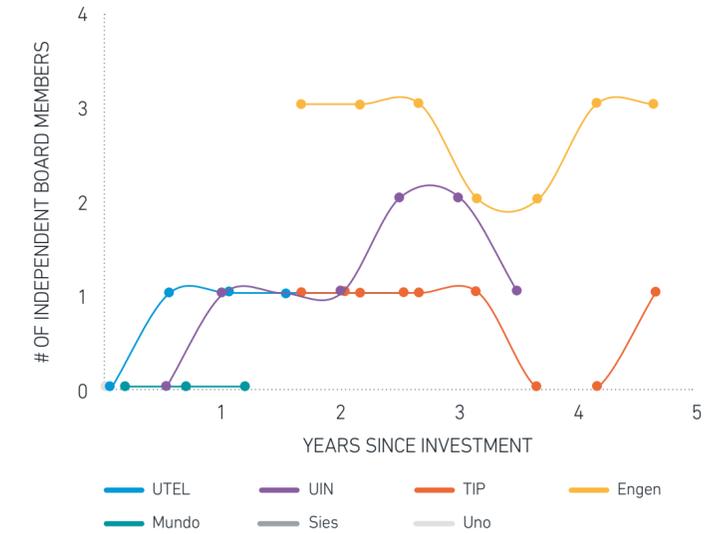
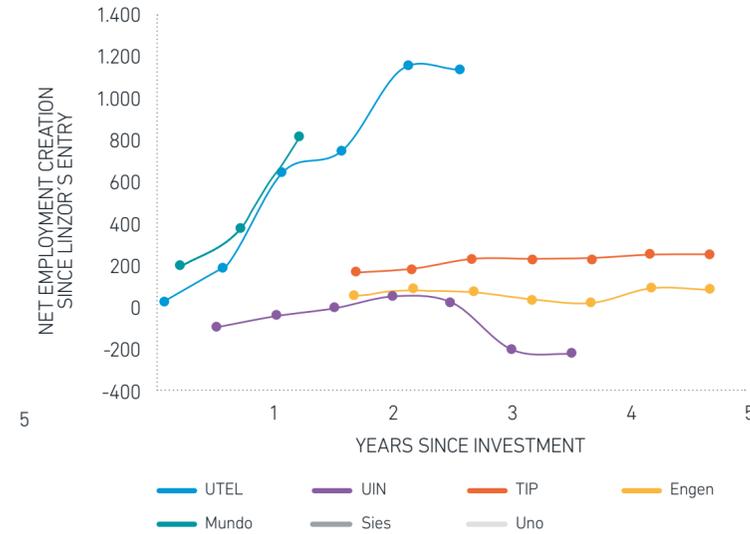
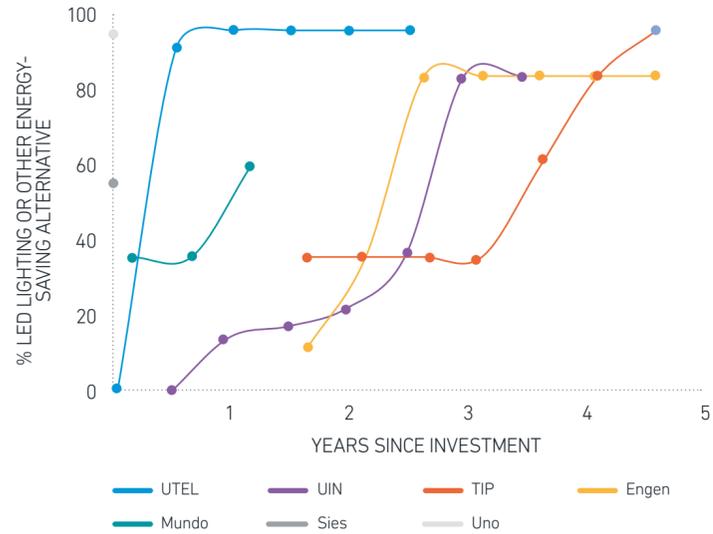
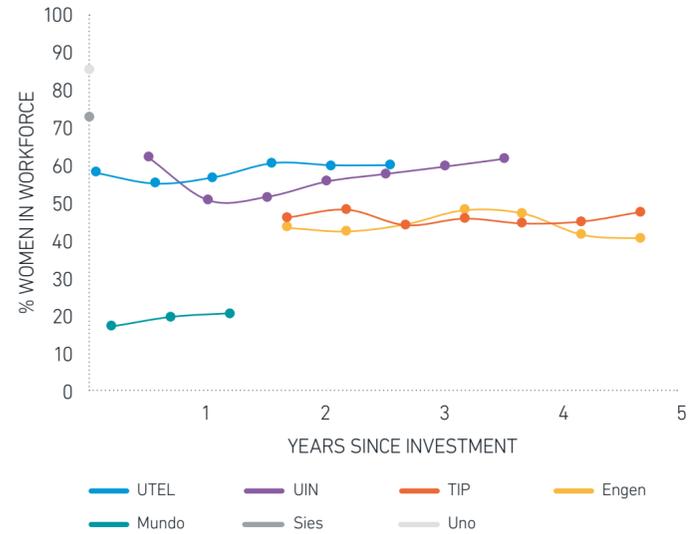


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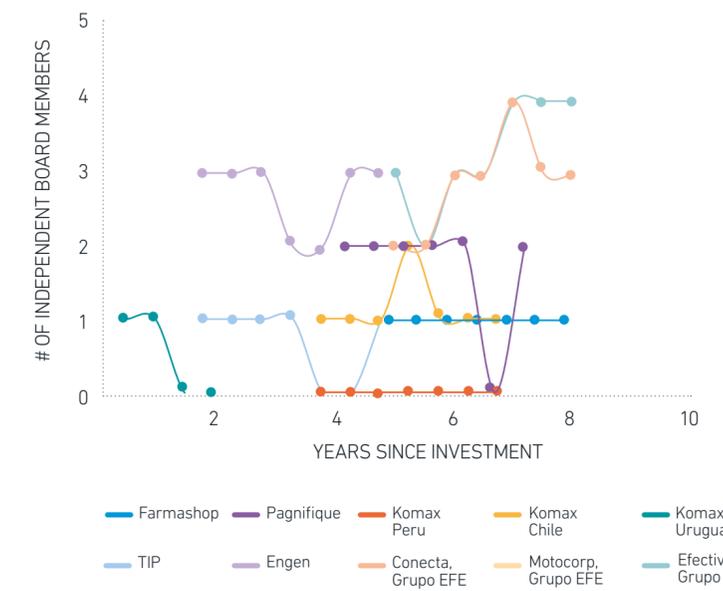
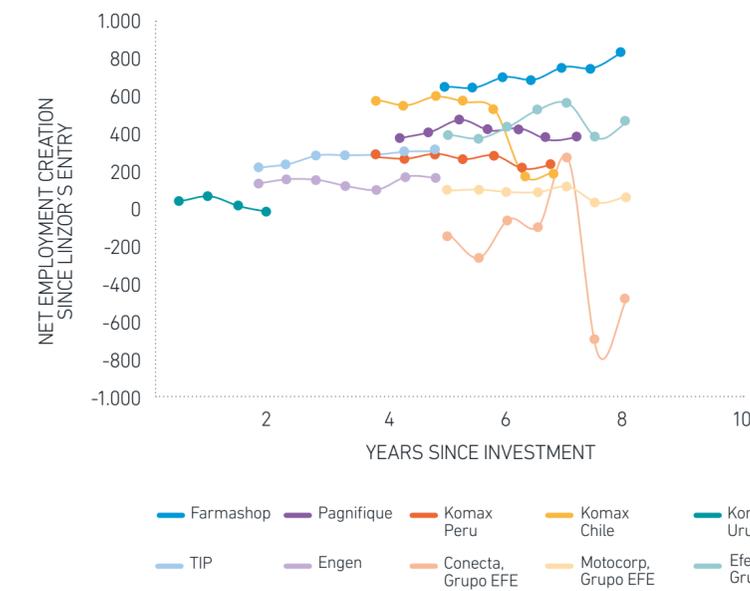
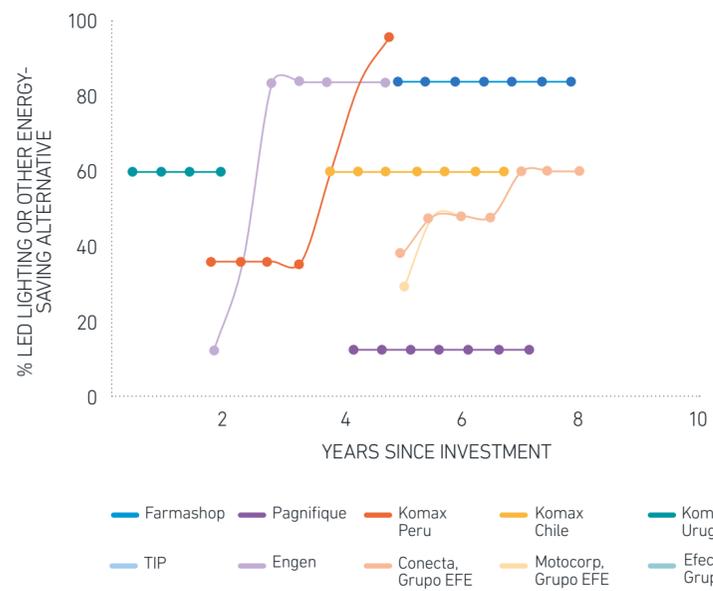
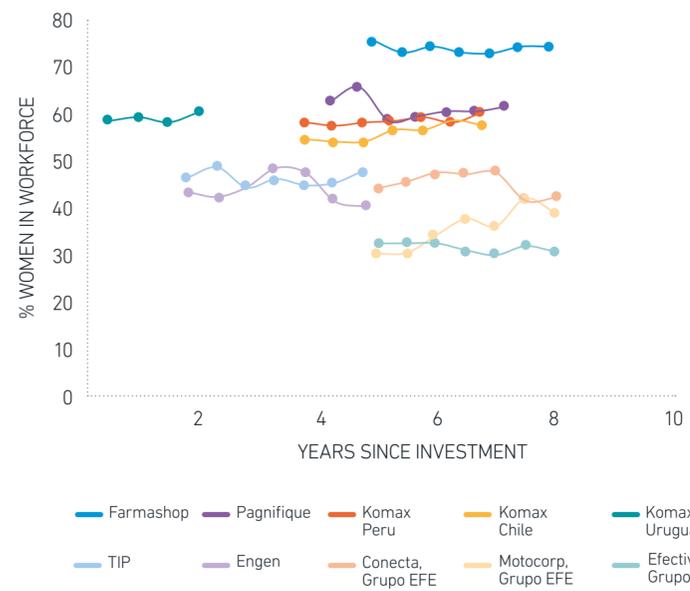
Appendix

Portfolio KPI Evolution

IMPACT OVER TIME, LCP III



IMPACT OVER TIME, LCP II



ILPA ESG Data Convergence Project

Data for the year ended December 31, 2020

Company Name	GHG Emissions				Renewable energy consumption		Diversity of board members		Work related injuries			Net new hires			Employee engagement		
	Scope 1 Emissions (tCO2e)	Scope 2 Emissions (tCO2e)	Scope 3 Emissions (tCO2e) ¹	Carbon Intensity: Total Emissions / Revenue ²	Total energy consumption (kWh)	Renewable energy consumption (kWh) ³	Total number of board members	Number of women board members	Number of work-related injuries	Number of work-related fatalities	Days lost due to injury (days)	Organic Net New Hires	Total Net New Hires	Annual Percent Attrition (%) ⁴	Did you conduct an employee survey (Y/N)	% employees responding to survey	
LCP III									LCP III								
Engen + TIP	837.2	1,145.4	33.5	11.1	232,280	46,456	8	1	Engen + TIP	-	-	N/A	15	15	9%	Y	94%
UIN	25.1	1,944.2	1.8	61.0	1,105,918	221,184	4	1	UIN	4	-	N/A	(244)	(244)	2%	Y	91%
UTEL	42.3	1,404.7	6.3	30.3	799,023	159,805	6	-	UTEL	-	-	N/A	780	780	58%	Y	60%
Mundo	4,388.2	8,598.4	-	127.8	7,117,860	2,206,537	7	-	Mundo	29	-	N/A	608	608	29%	N	-
Uno Salud	-	4,043.1	26.0	94.7	4,516,862	1,400,227	5	-	Uno Salud	78	-	N/A	(50)	(50)	36%	Y	89%
Sies Salud	-	218.7	9.4	7.9	459,520	312,474	4	-	Sies Salud	41	-	N/A	242	242	69%	N	-
LCP II									LCP II								
Grupo EFE	N/A	N/A	N/A	N/A	N/A	N/A	8	-	Grupo EFE	-	-	N/A	(940)	(940)	26%	N/A	N/A
Farmashop	N/A	N/A	N/A	N/A	N/A	N/A	4	-	Farmashop	19	-	N/A	85	85	25%	N/A	N/A
Pagnifique	N/A	N/A	N/A	N/A	N/A	N/A	5	-	Pagnifique	24	-	N/A	(47)	(47)	18%	N/A	N/A
Komax	N/A	N/A	N/A	N/A	N/A	N/A	7	-	Komax	9	-	N/A	(498)	(498)	28%	N/A	N/A
Engen + TIP	837.2	1,145.4	33.5	11.1	232,280	46,456	8	1	Engen + TIP	-	-	N/A	15	15	9%	Y	94%
LCP I									LCP I								
Santo Tomas	N/A	N/A	N/A	N/A	N/A	N/A	10	4	Santo Tomas	6	-	N/A	(57)	(57)	10%	N/A	N/A

NOTES: ENTRIES NOTED AS N/A CORRESPOND TO DATA THAT IS CURRENTLY NOT BEING TRACKED AT THE FUND LEVEL. WE ARE WORKING TO IMPROVE OUR DISCLOSURES.

(1) Includes emissions from employee air travel only. We are working to add other sources of Scope 3 emissions in future years.

(2) Expressed in tCO2e per \$mm. In the case of Engen + TIP, this metric is Total Emissions / Net Asset Income.

(3) Calculated based on estimated share of renewables in the country's electric grid: 20% in Mexico, 31% in Chile, and 68% in Colombia

(4) UTEL average attrition rate includes contact center staff, which have a higher attrition rate than the rest of the company. Uno Salud attrition rate shows the annualized rate based on the last 4 months of the year. Prior data is distorted by COVID-related disruptions.



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