



Our Shared Future

Impact Report



The vibrant colors of the Hibiscus are repeated throughout the Caribbean, Central America, and Colombia whether in colorfully painted homes, the costumes of Carnival, Crop Over, or in day to day life.



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It's Not Just About Returns

It's also about a commitment we make to doing business in a responsible, sustainable way.

Message from the Portland Team

At Portland Private Equity, we have lived first hand the challenges and rewards of operating businesses in emerging markets. That's why we're proud of our track record in the Caribbean and Latin America. By deeply understanding these markets, we also understand the nuances and unique approaches our portfolio companies take to access capital, find and maintain deep pools of talent, create realizable value, and deliver impressive returns for our investors.

But, for us, it's not just about returns. It's also about a commitment we make to doing business in a responsible, sustainable way. We have a track record of successfully identifying businesses that can scale to become significant contributors to their country's economy, and, in some cases, to the regional economy. These companies are concerned not only with running profitable, successful businesses in the communities where they live and operate, but are also forward-thinking regarding their social and environmental responsibilities. We work closely with our portfolio companies to encourage these continued commitments, and guide them in on-going improvements as they grow.

Guided by international environmental, social, and governance best practices and standards, we live our mantra of doing well while doing good, daily.

We're proud of how each of our portfolio companies engage with their communities, showing us, and their regions, they care deeply about sustainable business practices and corporate social responsibility.

Notably, our portfolio companies:

- Establish operations in rural and low income communities; lifting people out of poverty and increasing economic stability while hiring local community members
- Upgrade the skills and education of their employees through on-going training, empowering individuals to achieve greater success
- Improve their environmental impact by focusing on responsible business practices including: using or producing renewable energy, efficient and responsible resource management, or efficient waste management

As we reflect on a successful 2019, we look forward to building our business with the introduction of Portland Caribbean Fund III, continuing to fulfill SDG commitments, and driving more sustainable change and growth in these emerging regions.

On behalf of the team,

Michael Lee-Chin
Chairman of Portland Private Equity
Our Actions Today are our History Tomorrow



Newstead Primary School
Chukka WRV, 2018

Schools supported by the Chukka Foundation benefit from the distribution of school supplies.

1 NO POVERTY



CHUKKA

Our DNA is Entrepreneurial

We are proud of adhering to a simple investment discipline, supported by our five fundamental tenets.

At Portland, our focus is on providing transformative growth equity to high quality, scalable businesses. Our DNA is entrepreneurial – we own, operate and invest in businesses, ensuring we are socially and environmentally accountable while adopting a pragmatic approach to maximizing returns.

Under the umbrella of Portland Holdings, a privately-held investment company with a diversified portfolio of businesses operating in media, tourism, health care, telecommunications, and financial services, Portland Private Equity (“Portland”), focuses on investing in the Caribbean Basin, a region consisting of the Caribbean, Central America, and Colombia.

Since our inception in 2006, we have introduced two funds – AIC Caribbean Fund, and Portland Caribbean Fund II. These funds, the largest private equity funds dedicated to

the Caribbean, have received institutional support from a diverse group of investors including fund of funds, pension plans, and development finance institutions.

However, it’s not just our commitment to growing returns for our investors that drives our success. We have an experienced team that brings a deep knowledge of the region and expertise in uncovering high-performing investment opportunities. Our talented management team is personally invested in the success of each of the companies within the funds, guiding them in operating as good corporate citizens. We are proud of adhering to a simple investment discipline, supported by our five fundamental tenets.

...Our Five Tenets

- 1 Own a regionally-focused portfolio
- 2 Ensure the businesses in the portfolio are in attractive market sectors that generate excellent returns
- 3 Understand the operations of these businesses deeply
- 4 Seek businesses that prudently leverage external capital
- 5 Invest in these businesses, building them for the long-term

ENTREPRENEURIAL

We are owners, investors, and builders of businesses

EXPERIENCED

Over 150 years of combined investment management experience

COMMITTED

Fully invested to the success of our portfolio companies to drive better returns

CONNECTED

Committed to building strong relationships with our portfolio companies empowering them to benefit from the depth and breadth of our platform

RESULTS DRIVEN

Consistent generation of top quartile results while positively impacting people and the environment

We invest in companies that contribute to achieving the Global Goals



The United Nations (UN) Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

United Nations Global Goals

In 2015, all United Nations Member States adopted a shared and urgent universal call to action – a road-map to peace and prosperity for everyone, and for the planet. The resulting 17 Global Goals recognize that ending poverty and inequality must include strategies to improve health and education outcomes, protect the planet, and drive economic growth.

At Portland, we invest in companies that express, and demonstrate, their contributions and commitments to achieving select SDGs.



Fans
Chukka, 2018

We prioritize education – support reading programs, provide school supplies, and establish scholarships.





Where We Currently Do Business

Note: "Regionally" indicates a company operates in two or more countries. While we invest in the Caribbean region we do not directly invest in Mexico, Cuba, or Venezuela.

An Established Track Record with Superior Performance

We have built strong results by implementing a regional, multi-sector approach to investing in companies that are dedicated to positively impacting their communities, the environment, and the lives of their employees.



Merqueo S.A.S.

Operates in: Colombia, Mexico
Merqueo, a disruptor in the online grocery space, offers an alternative to traditional retailers, while offering a wide variety of products at prices five to 10 percent lower than traditional grocers. Sustainability is important to Merqueo, and their business model offers choice and convenience to customers, while balancing profit growth with giving back to the communities where they operate.



IGA Group

Operates in: Colombia
Immaculada Guadalupe & Amigos en cia S.A. ("IGA") is the result of a merger between two leading restaurant platforms in Colombia. Specializing in quick service, casual dining, and food services, IGA is the dominant food service platform. Operating some of the region's most iconic brands, across 46 cities, 217 venues, and 86 franchises, IGA also makes significant contributions towards ending hunger, driving environmental and sustainability programs, and gender equality in their hiring practices.



Diverse Assets Inc.

Operates: Regionally
Diverse Assets Inc. is a Jamaican conglomerate that owns three lines of business: Chukka Caribbean Adventure Limited is a leading operator of eco-friendly tours and tourist attractions. Balancing profit and environmental considerations, the company is a key player in the region's tourism industry. Tropical Battery Company Limited is a 70-year-old supplier of automotive and industrial batteries in Jamaica. A household name, the company is demonstrating commitments to community and the environment by driving battery recycling efforts. Diverse Properties Limited is a commercial property holding company.



Productive Business Solutions Limited

Operates: Regionally
PBS provides cutting-edge enterprise information and communication technology solutions to governments, banks, and telcos across 15 countries. Partnering with key solutions providers such as Xerox, Oracle, and Cisco, PBS also offers networking solutions. PBS drives significant social improvements through various initiatives, including their involvement with the Musson Foundation to provide programs and funding to low-income schools.



Clarien Group Limited

Operates in: Bermuda
As one of Bermuda's largest independent integrated financial services organizations, Clarien Group Limited has served Bermudian and international clients for more than 80 years. Clarien Bank Limited, Clarien Groups's fully-owned subsidiary is the third-largest Bermuda-based bank with US \$1.2 billion in assets, and an investment management, brokerage advisory, and trust administration business with US \$800 million in assets under management. Clarien is also a significant contributor to local charities, supporting Meals on Wheels, OUTBermuda, and sponsors the Clarien Annual Iron Kids Triathlon.



Outsourcing Management Limited

Operates: Regionally
Outsourcing Management Limited ("itelbpo") is the Caribbean's largest homegrown business process outsourcing company providing voice and non-voice contact services along with customer experience management. Their commitment to reliable, scalable infrastructure, a culture that encourages innovation, and customized client solutions makes them a leader in their industry. itelbpo makes strong commitments to the environment – working to eliminate single use plastics in their businesses and communities, supporting various children's charities and programs for at-risk youth, and sponsoring both charity races and training programs for numerous marginalized communities.



Liberty Latin America

Operates: Regionally
With more than 48,000 kilometres of fibre-optic cable, and a network of retail service clients operating in 20 countries, Liberty Latin America is one of the leading telecommunications providers in Latin American and the Caribbean. By capitalizing on growth opportunities within the region, they've achieved strong year-over-year growth in subscribers and revenue from both B2B and B2C clients.



Facey Telecom Limited

Operates: Regionally
Facey Telecom Limited is a distributor of mobile handsets and cellular airtime, and provides numerous logistical service to mobile manufacturers, retailers, and operators. Since their inception in 2001, Facey has worked closely with their clients to customize mobile device supply chain solutions. While their focus is on unparalleled customer care, Facey also supports the health and safety of their employees by promoting healthy lifestyles and adhering to high levels of workplace safety. By adopting a zero waste objective, they work hard to be stewards of the environment, reducing their environmental footprint.



InterEnergy Holdings | IEH Penonomé

Operate: Regionally
InterEnergy Holdings owns and manages a diverse portfolio of electricity generation, transmission, and distribution assets, and is a co-investor in IEH Penonomé Holdings, the holding company for a 215 megawatt utility wind farm, the largest of its kind in Central America. Both companies believe in the importance of responsibly producing and distributing energy throughout the regions where they operate, and in giving back to local communities.



Fundación Sol en los Andes Merqueo, 2019
Merqueo employees actively participate in children's enrichment activities, fostering learning and development.

Our Approach To Responsible Investing

Do well by doing good.

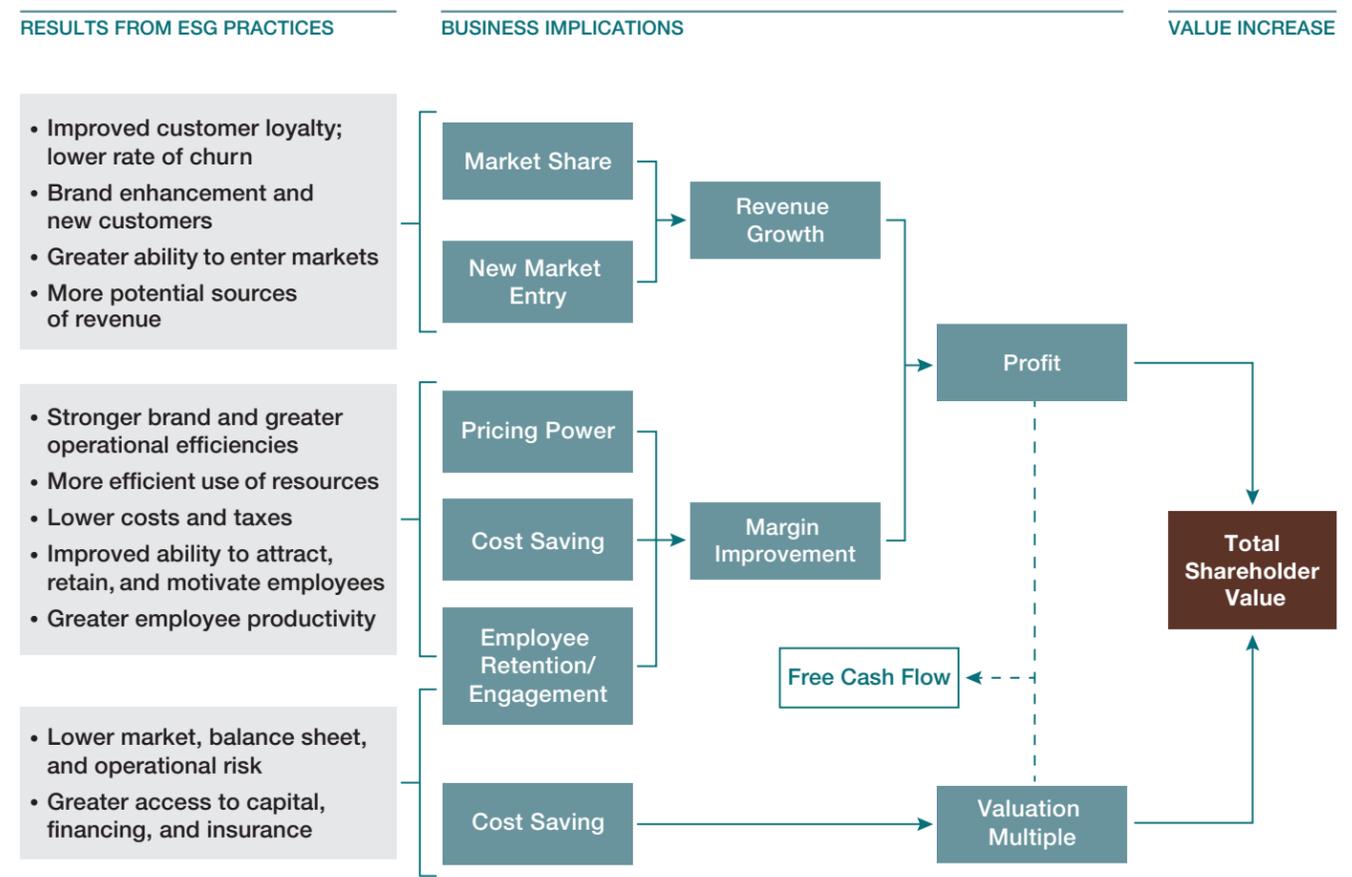
At Portland, that is at the core of our approach. Guided by best practices, and international environmental, social, and governance (ESG) standards, we, and our portfolio companies, strive to ensure that strong financial returns are underpinned by sustainable business practices. It's our belief that seeking alpha must be supported by social and environmental responsibility, and that together, they generate shareholder value. Within the impact investing community, this approach is referred to as providing profit with a purpose.

We believe that long-term value creation and sustainability are inextricably linked. That's why ESG best practices and international standards are built into our process: from initial screening, to due diligence, to negotiations

and structuring, to monitoring, to exiting companies from our portfolios. Through this oversight, our portfolio companies grow sustainably while also increasing their value, social accountability, and environmental responsibility.

Our portfolio companies are chosen carefully, and they are leaders, or emerging leaders, in creating a positive, sustainable impact in their regions. Through our active support, they are not only complying with local environmental and social laws and regulations, they are meeting international ESG standards and industry best practices. These companies are truly marking the path for other companies striving to become sustainability leaders in their regions or sectors.

Harnessing Social Impact Drives Shareholder Value



Based on the Business Case for ESG Chart by IFC

We, and our portfolio companies, understand that making the right decisions today not only makes good sense for investors, but also makes a difference for future generations.

Our ESG Process is Based on International Best Practices



ESG PROCESS OVERVIEW

From start to finish, our five step, holistic ESG process allows us to pinpoint high performing companies for inclusion in our portfolio. The five steps we follow identify opportunities for improvement, the development of action plans, and on-going monitoring. Through these five steps, we not only continue to drive social and environmental innovation, but also create more value for shareholders, and provide the opportunity for better exits.

We also take responsibility for on-going education and learning. By participating in, and attending, a variety of conferences, panels, and seminars, our team actively promotes how adopting the Global Goals makes good sense for companies seeking investors. We're investors in sustainable businesses, and active promoters of adhering to the SDGs.

Our due diligence process is based on international standards – the IFC Performance Standards and the World Bank Group’s Environmental, Health, and Safety Guidelines.



At the 2017 Caribbean Renewable Energy Forum (CREF), Portland’s ESG expert, Hülya Sögüt outlined our commitment to providing funding in a sustainable and responsible way.

Our Five Step ESG Process

1. ESG SCREENING

Before the decision to move forward with the investment is taken, a screening of the potential ESG issues is performed. Based on the potential risks and impacts uncovered during this phase, a categorization is determined along with the applicable ESG requirements of the investment.

2. ESG DUE DILIGENCE

The ESG requirements determined during the first step guide the ESG due diligence process. Potential portfolio companies are analyzed for their ESG impacts, potential and existing risks, and their commitment towards improving their ESG performance. Before an investment decision is made, and well before any deal closes, we work closely with the company to identify the ESG risks and impacts, and discuss corrective actions and mitigation measures.

3. DEVELOP AND AGREE ON ESAP

Once the due diligence is complete, the risks and impacts identified, and mitigation measures noted, we develop an Environmental and Social Action Plan (ESAP). This ESAP is part of the final investment agreement along with additional ESG covenants.

4. IMPLEMENT THE ESAP

After the portfolio company establishes an adequately trained ESG team (a requirement of the ESAP if one is not already in place), a company-specific Environmental and Social Management System (ESMS) is developed. This ESMS must be approved by both management and the

board of directors. Through quarterly ESG update calls, we guide, assist, and monitor the implementation of the ESMS in the day-to-day company operation.

The ESMS is considered the gold standard in processes and practices in meeting environmental and social business objectives. The system helps companies identify and manage environmental and social risks and impacts to business objectives. Developing the ESMS is typically the easiest step in the process; the implementation, consistent follow-through, and on-going monitoring is the challenge in many businesses. With the help of our team, our portfolio companies continue to meet and exceed their objectives.

5. GUIDE AND MONITOR PROGRESS

On-going guidance and monitoring is a key component of our commitment to our portfolio companies. Beyond the initial partnership in the development and implementation phases of the ESAP and the ESMS, we continue to monitor progress towards a company’s defined goals. In addition to quarterly calls, annual formal performance reports (which include relevant impact indicators) are required, and site supervision visits are conducted at least once per year depending on the business’ ESG risk level.

Portfolio Impact

Highlighted Accomplishments

Our portfolio companies span a number of industries including energy distribution, telecommunications, and food services. This diversification, as well as the commitment these companies have to responsible, sustainable business practices, allows us to provide strong investor returns while adhering to our own sustainability mandates.

ECONOMIC GROWTH

8:1

US \$310M+ invested by Portland into portfolio companies that have attracted more than US \$2.5B of additional risk capital



RESPONSIBLE

+



SUSTAINABLE

+



SOCIAL

REDUCED CARBON FOOTPRINT

+360,000
tonnes of CO2 emissions eliminated



Driving investment in clean technologies, including solar and wind

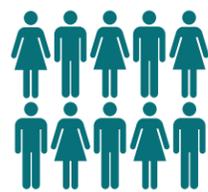
900,000
barrels of oil eliminated



1st Caribbean District Energy System
pioneered the development of the first district energy system in the Caribbean

JOB CREATION

21,000
Jobs



supported by Fund II across portfolio companies

22%
women in leadership roles



COMMUNITY ENGAGEMENT



Established outreach programs supporting environmental and health education



Ensuring the support of and engagement with Indigenous communities

+90%

Of portfolio company employees are from surrounding communities



Education and training programs to enhance local expertise

PROMOTING HUMAN RIGHTS AND EMPLOYEE HEALTH AND SAFETY



Compliance with core International Labour Organization conventions, including prohibiting child or forced labour



Every company implements occupational health and safety measures and training, lowering accident and injury rates

SDG Impact

Highlighted Companies



1 NO POVERTY

Chukka Caribbean
Diverze Assets Inc.
IEH

Through the creation of jobs in rural or impoverished communities, and community engagement activities, Chukka Caribbean Adventures Limited, Diverze Assets Inc., and IEH seek to eliminate poverty where they live and work. Additionally, each company focuses on working with Indigenous communities on developing grant proposals, and engaging them in their workforces.



2 ZERO HUNGER

IGA
Merqueo

Eliminating hunger is a major focus for both IGA and Merqueo. With many long-term, stable partnerships with local farmers in the Cundanimarca region of Colombia, IGA is working to make locally available produce a priority as a means of supporting the immediate communities. Merqueo delivers a more affordable and convenient grocery experience, aligns with local food banks to ensure people are fed, and has created school lunch programs in many communities where student hunger has been an issue.



3 GOOD HEALTH AND WELL-BEING

Diverze Assets Inc.
PBS
IEH Penonomé

Each of our portfolio companies strive to make the health and well-being of their employees a priority by offering health benefit programs, but some go above and beyond:

- Diverze Assets Inc. offers substance abuse programs and training
- PBS offers on-site employee medical assistance clinics staffed by nurses, and nutrition programs to encourage healthier lifestyles. In Guatemala, they introduced Chapina Bonita, a program that supported the construction and use of safer stoves, particularly among Indigenous populations, to reduce air pollution and fires.



4 QUALITY EDUCATION

IEH Penonomé
IGA

The future of any community lies in access to quality education, and two portfolio companies are stepping up. IEH Penonomé is currently supporting environmental education programs in five schools, and is also an active participant in finding transportation solutions for schoolchildren. IGA, through their Andrés y Lucia program, provides schools in the Chia region of Colombia with free cultural after school activities, resources, and safety. Their efforts have reduced school dropout rates.



5 GENDER EQUALITY

Clarien
IGA
itelbpo

Every portfolio company, regardless of their national laws, has non-discrimination and equal opportunity policies built into their formal HR practices. With the goal of equality in their workforces, 22 percent of leadership roles among our portfolio companies are filled by women. Both Clarien and IGA have workforces comprised of more than 50 percent women. Itelbpo's workforce consists of 60 percent women.



6 CLEAN WATER AND SANITATION

IEH Penonomé
IGA

The responsible and efficient use of water is a key goal of all portfolio companies, particularly in communities where water is a scarce resource. IEH Penonomé, for example, not only invested in community water tanks, but when an earthquake hit near their wind farms in Chile, they supported the distribution of clean drinking water. IGA operates every one of their wastewater treatment plants in compliance with international standards.

SDG Impact

Highlighted Companies



 **7 AFFORDABLE AND CLEAN ENERGY**

IEH Penonomé
InterEnergy

InterEnergy Holdings and IEH Penonomé are leaders in this space, making investments in solar and wind farm projects while driving the regions where they operate to reduce their reliance on non-renewable energy by 25 percent (twice the world average).

 **8 DECENT WORK AND ECONOMIC GROWTH**

Chukka
Tropical Battery

One of the key requirements of any portfolio company is ensuring they provide quality, sustainable employment within the regions where they operate. Specifically, Chukka, as outlined in SDG #1, almost exclusively hires within their local communities lifting them out of poverty and providing lasting economic growth. Tropical Battery is committed to continue hiring 90% of their workforce locally as well

 **9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

Merqueo
Productive Business Solutions

Portland's entire investment strategy underscores a key commitment to this goal. By investing in local companies with the promise of continued, sustainable, responsible growth, we are making a difference in local communities, and for our investors. More specifically, two of our portfolio companies, Merqueo and Productive Business Solutions (PBS), have significantly invested in technological advancements to further the growth of their businesses, but have also driven infrastructure improvements in their communities.

 **12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

Merqueo
Chukka
Tropical Battery

Portland requires portfolio companies to adopt and report business practices in accordance with international standards. Every company has resource efficiency and pollution reduction targets as well as waste management policies and plans aimed at reducing, reusing, and recycling. Merqueo, for example, reduces much of their food waste by working with local food banks, while Chukka promotes and provides sustainable tours that are sensitive to the local environment. Tropical Battery also practices environmentally sound waste management through its battery recycling program.

 **15 LIFE ON LAND**

IEH
Chukka
Merqueo
IGA

Biodiversity and reforestation is a priority for many portfolio companies, particularly IEH and Chukka. IEH has undertaken a major reforestation project in Panama, and also hires external experts to monitor biodiversity and potential environmental impacts near their operations. Chukka is operating in beautiful natural areas with high biodiversity, where they eliminate or minimize the impacts on the areas through environmental management programs. Additionally, on a smaller scale, Merqueo and IGA have had significant employee participation in local reforestation projects.

 **17 PARTNERSHIPS FOR THE GOALS**

Portland

We are not simply an investor in our portfolio companies, we are also a partner with them to continue driving economic growth in emerging countries, to ensure continued adherence to our SDG commitments, and to provide positive returns for our investors.

InterEnergy & IEH Penonomé



Founded in 2011, InterEnergy is a privately-owned pioneer in the energy sector. With assets spanning power generation, transmission, and distribution, their network covers the Dominican Republic, Chile, Panama, and Jamaica.

QUALITY EDUCATION

100%

of employees receive on the job training

AFFORDABLE & CLEAN ENERGY

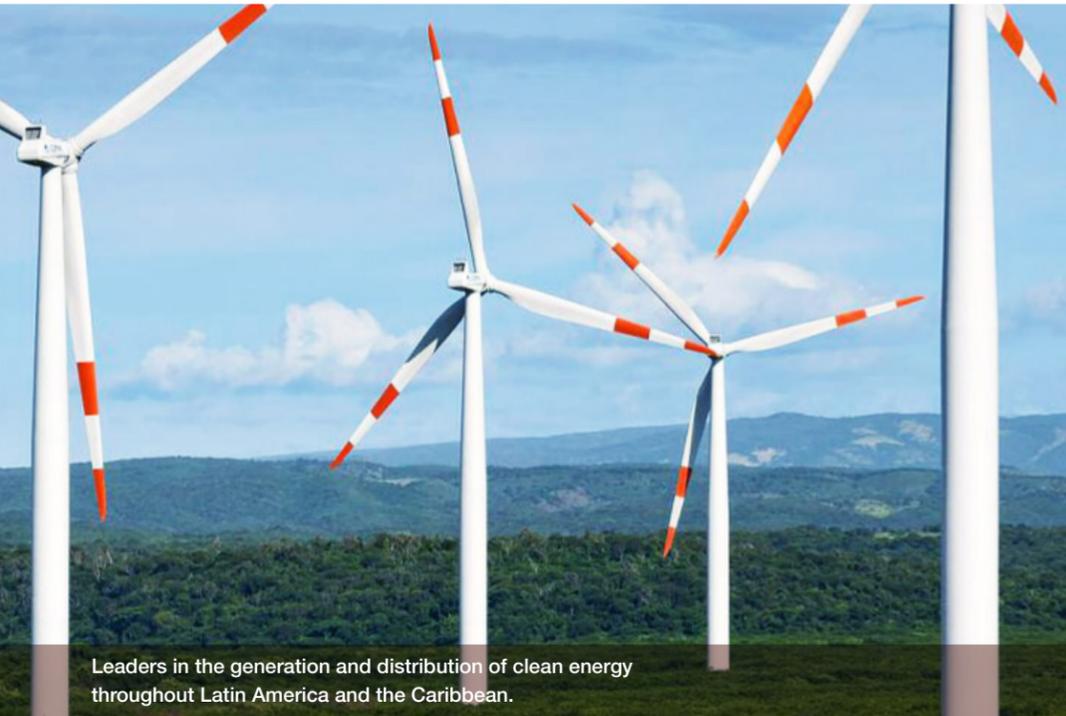
270MW

Megawatts of renewable energy

DECENT WORK & ECONOMIC GROWTH

98%

of employees benefit from health insurance



Leaders in the generation and distribution of clean energy throughout Latin America and the Caribbean.



Grew their sustainable power generation through the investment in solar energy assets.



Programs designed to train and educate local community members that help to drive economic growth.

SDG COMMITMENTS:



SECTOR

Energy

LOCATION

Caribbean and Latin America

INVESTMENT AMOUNT

US \$75M

INITIAL INVESTMENT DATE

July 2011

OVERVIEW

With more than 1.2 gigawatts (GW) of installed and available capacity, and a goal of providing cost-effective clean energy, InterEnergy plays an important role in the economic and social development in their communities, markets, and countries. As Latin American continues to make strides in reducing the cost of electricity generation from renewable resources, the region has:

- Witnessed a 20 percent drop in the costs of generating hydro and wind power since 2010
- Seen a 50 percent reduction in the cost of generating solar photovoltaic (PV) power since 2012

These cost reductions have enabled a greater reliance on renewable energy sources, which now account for more than 25 percent of the region's energy mix – twice the global average.

Continuing their commitment to increasing the use of renewable, reliable clean energy in the Latin American and Caribbean regions, InterEnergy, through its subsidiary IEH Penonomé II, S.A., owns and operates a 215 megawatt (MW) wind farm in Penonomé, Coclé province, Panama. This wind farm is the largest of its kind in the region, and it, along with InterEnergy's 15MW wind farm in Chile, is expected to eliminate more than 360,000 tonnes of CO2 emissions, and save 900,000 barrels of oil per year.

Our Contribution

By assuming a leading role in the creation and finalizing of a detailed ESMS, Portland was able to help obtain the approval of the Board and other important investment partners (including the International Finance Corporation). InterEnergy's ESMS provides guidelines to help them meet and exceed the targets they committed to when adopting six of the UN SDGs in their business practices. Their ESMS is the document that outlines their daily management of ESG risks and impacts.

SUSTAINABILITY HIGHLIGHTS

InterEnergy developed the first district energy project in the Caribbean that utilizes waste energy from its generating assets in Bavaro, Dominican Republic to further reduce its greenhouse gas emissions. In conjunction with its subsidiary CESP, they are also converting its 300MW diesel plant to cleaner-burning natural gas. Once the conversion is complete, more than 60 percent of InterEnergy's total generating capacity will come from low carbon, renewable (solar and wind), and natural gas sources. In addition to supplying personal residences with power, InterEnergy also wholly owns CEPM which provides cleaner power to resorts throughout the Dominican Republic. Sixty percent of the country's hotel

rooms as well as neighboring communities now rely on clean energy for their operations. Finally, employee well-being is paramount to InterEnergy. More than 98 percent of their employees benefit from health and disability insurance programs, and all employees receive on-going training and educational opportunities.

Merqueo S.A.S.



Merqueo’s innovative business model ensures that all persons, regardless of their economic background, have access to basic food and grocery items at affordable prices. Their plans to grow their footprint will provide increased employment opportunities.

ZERO HUNGER

1,500

Donated school lunches to low-income neighbourhoods in 2019

QUALITY EDUCATION

400

Donated books to Colegio Benedicto XVI

GENDER EQUALITY

210

Number of female employees representing 30% of the workforce



Commitments to ensuring quality education through enrichment programs, book donations, and school supplies.



Delivers value to customers, and lessens food waste through food bank partnerships.



Merqueo's plans to continue increasing their distribution network is contributing to more employment opportunities.

SDG COMMITMENTS:



OVERVIEW

Merqueo’s need for reliable technology has led to the development of proprietary IT systems and processes, which in turn has led to further investment in technology and innovation, paving the way for the growth of e-commerce businesses in Colombia’s retail trade segment.

Four years ago, Miguel McAllister saw an opportunity to disrupt the Colombian retail grocery market by providing consumers with convenient delivery and reduced food prices. Since then, Merqueo has become a dedicated on-line grocery retailer where customers can easily shop online, taking

advantage of to-the-door delivery at prices five to 10 percent less than at a traditional supermarket.

The convenience of this model is especially noticeable in cities where density, traffic congestion, and weak public transit systems make traditional grocery shopping difficult for many. Demand for Merqueo’s services continues to grow, and formal plans to expand its footprint throughout Colombia are in the works.

Our Contribution

As per our requirements, Merqueo started the development of an ESMS. We guided Merqueo on the continued development of their ESMS and the IFC Performance Standards, advised on potential expansion of their existing initiatives and overall on their ESG program.

SUSTAINABILITY HIGHLIGHTS

- 30 percent of Merqueo’s workforce of 636 is female. Since January 2019 their total number of employees has increased by 60 percent, making them a key driver of employment in the region
- Giving back to the communities where employees live and work is a priority. In the course of a year, Merqueo:
 - donated 1,500 school lunches in low-income neighbourhoods
 - donated 400 books to local schools
 - provided books and clothing to the Children’s Foundation of Los Andres
 - worked with Banco de Alimentos Bogotá (an NGO working to eliminate hunger and food insecurity throughout Bogotá)

- Merqueo is quickly working towards their ISO 14001 certification, has set up an ESG team, is developing a strong ESMS, and is being certified for environmental excellence by a local environmental agency.

SECTOR

Consumer Staples

LOCATION

Colombia

INVESTMENT AMOUNT

US \$20M

INITIAL INVESTMENT DATE

January 2019



Diverze Assets Inc.

Operating across the Caribbean, family-owned holding company Diverze Assets Inc. spans across hospitality, battery manufacturing and distribution, automotive, consumer products, and property management.

DECENT WORK & ECONOMIC GROWTH

1,000

Number of employees

RESPONSIBLE CONSUMPTION & PRODUCTION

650,000

Annual visitors enjoy eco-friendly tours

RESPONSIBLE CONSUMPTION & PRODUCTION

100

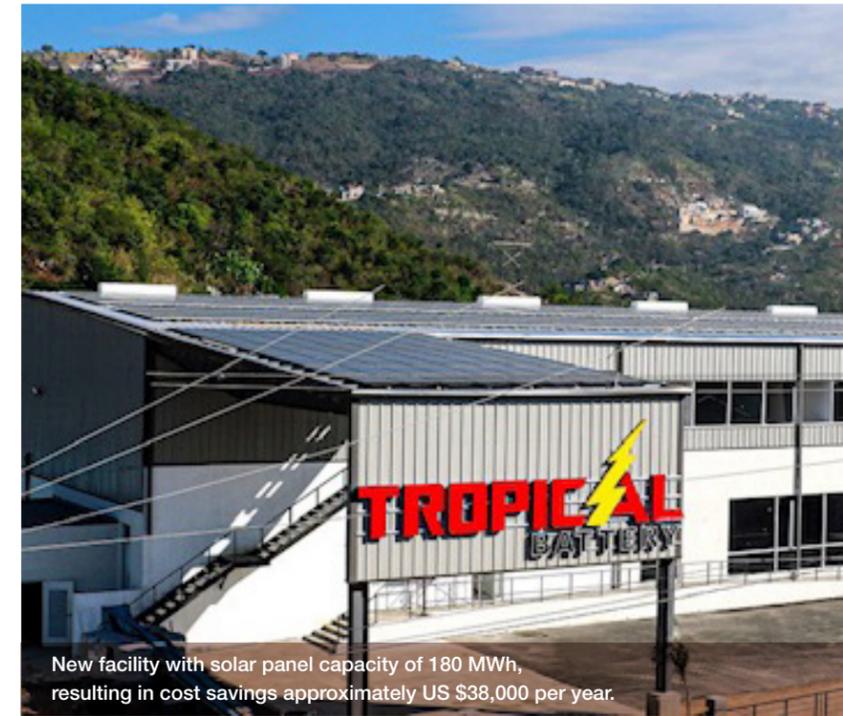
Metric tons of used batteries exported monthly for recycling by Tropical Battery



Safety First Priority – at Chukka guests receive quality safety equipment and detailed safety instructions to ensure a safe and fun experience.



Investing in the communities where they operate provides quality educational opportunities to local schoolchildren.



New facility with solar panel capacity of 180 MWh, resulting in cost savings approximately US \$38,000 per year.

SDG COMMITMENTS:



SECTOR

Hospitality, Automotive Batteries, Property Management

LOCATION

Caribbean

INVESTMENT AMOUNT

US \$14.9M

INITIAL INVESTMENT DATE

June 2017

OVERVIEW

Diverze's operations span tourism and hospitality, automotive and commercial battery manufacturing and distribution, and property management and include:

- Chukka Group, an ecotourism business that operates in Jamaica, Belize, Grand Turk, and the Turks and Caicos Islands, caters to approximately 650,000 visitors annually; providing guests with over 60 tours and experiences including zip-lining over rainforests, horseback riding on land and in the ocean, and ATV tours through countryside and history-rich communities.

With a commitment to offer only the highest quality tours with well-trained guides and stringent safety standards, Chukka takes pride in showcasing the natural beauty of the Caribbean while providing opportunities for local residents and businesses.

- Tropical Battery is a 70-year-old Jamaican company that has an established brand of automotive batteries, lubricants, and other automobile accessories
- Diverze Properties Limited, a commercial property holding company valued at more than US \$1.6M

Our Contribution

Portland guided and supported Chukka Caribbean and Tropical Battery Limited in the development of their ESMS, in the improvement of procedures related to environmental and safety matters, and the due diligence process for expansions and acquisitions. During supervision visits, we discuss areas of improvement and work on the remaining action plan items.

SUSTAINABILITY HIGHLIGHTS

Chukka ensures a deep commitment to environmentally friendly adventures, and to their employees. They lead tours through scenic natural spaces with the least possible impact on water sources, and local flora and fauna. Safety of both employees and guests is a priority, and training is rigorous.

By committing to hiring practices that support of local communities, nearly all of their 1,000 employees are from areas where Chukka operates. They further engage with these communities through the support of regional hospitals, and health programs, driving improvements to facilities. Local artisans are supported through Chukka's gift shops, and many students have benefited from scholarships they offer.

Tropical Battery is committed to, and actively promotes, the responsible use of chemicals and waste, including providing customers with safe and environmentally friendly options to dispose of used batteries. The company has adopted international environmental conventions, and exports used batteries for recycling to reduce waste. Tropical Battery is exploring opportunities to expand its business into building a smelting plant in Jamaica, allowing them to recycle batteries on the island.

Our shared future depends on a delicate balance

Appendices



Our ESG History

2012



Our First Impact Report Published
2012 Developmental Impact Report.

2014 Portland Caribbean Fund II Launched

Portfolio companies are required to adhere to the World Bank Group Standards, including IFC Performance Standards.



2015 In-house ESG Team Creation

Portland created and works with an in-house ESG team – Hülya Söğüt and Doug Hewson – to establish internal ESG program and training. Training focused on ESG for Funds, and IFC Performance Standards.

2016

FIRST ESMS DEVELOPMENT

in collaboration with an external ESG expert, approved by managing partners and chairman. This became part of our operations, and includes yearly site visits and supervision meetings for medium-to-high-risk portfolio companies.

ESG SUB-COMMITTEE CREATION

We created an ESG sub-committee, providing bi-monthly updates to all Limited Partners' ESG experts, ensuring transparency and compliance.

ESMS & ESG INVESTMENT COMPLIANCE

Since 2016, all our investments comply with our ESMS and ESG requirements.

ESG PERFORMANCE REPORTS

Our annual ESG Performance Reports are being provided to investors.



2017

Caribbean Renewable Energy Forum (CREF) Miami:

ESG team participation in a panel at CREF Miami

2017–2018

Increasing Transparency and Clarity

In a bid to increase transparency and clarity, Impact Indicators and KPIs are consolidated and integrated. As a result, more streamlined details are provided to Limited Partners.

2019

Leadership at the IFC Performance Standards Panel:

Our ESG Expert, Hülya Söğüt co-leads a panel on the IFC Performance Standards and the implementation of an ESMS for financial institutions.

Exclusion List

The following Exclusion List is based on the exclusion lists of the International Finance Corporation (IFC), the Deutsche Investitions-und Entwicklungsgesellschaft (DEG), and the IDB invest.

The investee will not engage in any activity, production, use, distribution, business or trade involving the following projects:

Commercial clients/investees are required to manage the environmental and social performance of their business activity, which should also involve communication between the client/investee, its workers and the local communities directly

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB, wildlife or products regulated under CITES
- Production or trade in weapons and munitions
- Production or trade in alcoholic beverages (excluding beer and wine)
- Production or trade in tobacco
- Gambling, casinos and equivalent enterprises
- Production or trade in wood or other forestry products from forests that lack sustainable management
- Commercial logging operations for use in primary tropical moist forest
- Plantation projects that would require the removal of existing non-degraded natural forest
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded

- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent
- Forced labor or child labor
- Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
 - Ozone depleting substances, PCBs (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals
 - Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES)
 - Unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length)
- Cross-border trade in waste and waste products, unless compliant to the Basel Convention and the underlying regulations
- Destruction of High Conservation Value areas
- Pornography and/or prostitution
- Racist and/or anti-democratic media

A reasonableness test will be applied when the activities of the client would have a significant development impact, but circumstances of the country require adjustment to the Exclusion List.

The Performance Standards of the International Finance Corporation

The IFC Performance Standards are an international benchmark for identifying and managing environmental and social risks and impacts and has been adopted by many organizations as a key component of their environmental and social risk management. In many countries, the scope and intent of the IFC Performance Standards is addressed, or partially addressed, in the country's environmental and social regulatory framework. The IFC Performance Standards encompass eight topics:

1. ENVIRONMENTAL AND SOCIAL ASSESSMENT AND MANAGEMENT SYSTEM

Commercial clients/investees are required to manage the environmental and social performance of their business activity, which should also involve communication between the client/investee, its workers and the local communities directly affected by the business activity. This requires the development of a good management system, appropriate to the size and nature of the business activity, to promote sound and sustainable environmental and social performance as well as lead to improved financial outcomes.

2. LABOR AND WORKING CONDITIONS

For any business, its workforce is a valuable asset and a sound worker-management relationship is a key component of the overall success of the enterprise. By protecting the basic rights of workers, treating workers fairly and providing them with safe and healthy working conditions, commercial clients/investees can enhance the efficiency and productivity of their operations and strengthen worker commitment and retention.

3. POLLUTION PREVENTION AND ABATEMENT

Increased industrial activity and urbanization often generate increased levels of pollution to air, water and land that may threaten people and the environment at the local, regional and global level. Commercial clients/investees are required to integrate pollution prevention and control technologies and practices (as technically and financially feasible as well as cost-effective) into their business activities.

4. COMMUNITY HEALTH, SAFETY AND SECURITY

Business activities can increase the potential for community exposure to risks and impacts arising from equipment accidents, structural failures and releases of hazardous materials as well as impacts on a community's natural resources, exposure to diseases and the use of security personnel. Commercial clients/investees are responsible for avoiding or minimizing the risks and impacts to community health, safety and security that may arise from their business activities.

5. LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT

Land acquisition due to the business activities of a commercial client/investees may result in the physical displacement (relocation or loss of shelter) and economic displacement (loss of access to resources necessary for income generation or as means of livelihood) of individuals or communities. Involuntary resettlement occurs when affected individuals or communities do not have the right to refuse land acquisition and are displaced, which may result to long-term hardship and impoverishment as well as environmental damage and social stress. Commercial clients/investees are required to avoid physical or economic displacement or minimize impacts on displaced individuals or communities through appropriate measures such as fair compensation and improving livelihoods and living conditions.

6. BIODIVERSITY CONSERVATION AND SUSTAINABLE NATURAL RESOURCE MANAGEMENT

Protecting and conserving biodiversity (including genetic, species and ecosystem diversity) and its ability to change and evolve, is fundamental to sustainable development. Commercial clients/investees are required to avoid or mitigate threats to biodiversity arising from their business activities and to promote the use of renewable natural resources in their operations.

7. INDIGENOUS PEOPLES

Indigenous Peoples are recognized as social groups with identities that are distinct from other groups in national societies and are often among the marginalized and vulnerable. Their economic, social and legal status may limit their capacity to defend their interests and rights to lands and natural and cultural resources. Commercial clients/investees are required to ensure that their business activities respect the identity, culture and natural resource-based livelihoods of Indigenous Peoples and reduce exposure to impoverishment and disease.

8. CULTURAL HERITAGE

Cultural heritage encompasses properties and sites of archaeological, historical, cultural, artistic and religious significance as well as unique environmental features and cultural knowledge, innovations and practices of communities embodying traditional lifestyles, which are protected for current and future generations. Commercial clients/investees are required to avoid significant damage to cultural heritage due to their business activities.

Benefits of an ESMS

Today, companies are confronted with a number of significant environmental and social challenges. While none of these challenges are insurmountable, without proper assessment and management, they can impact profitability, reputation, and future growth.

Among these challenges are increasing energy and raw materials costs, the growing power and influence of environmental and labor regulatory agencies, and rapidly evolving consumer awareness and concerns about environmental and social issues. These risks are in addition to issues such as failing to meet business goals, build brand awareness, or win consumer confidence.

Ultimately, these risks have financial consequences. Moreover, many businesses rely on international exposure and export opportunities to scale up. Increasing demands via international legislation, regional industry standards, and global consumer expectations and safety requirements that may differ from one country to the next also present challenges. One effective tool to help navigate these new challenges is a management system. By allowing businesses to foresee and address issues, potential risks may be mitigated before they become larger problems.

An Environmental and Social Management System (ESMS) may offer direct business benefits beyond simply increasing profits and avoiding issues. These can include conserving and more efficiently using energy and materials, waste and discharge reductions, and recycling may reduce production and waste disposal costs, which have been steadily increasing. Certain organic wastes can be converted to fuel or energy to maximize sustainability and cost savings. Management systems can also help to build processes, benchmark expenditures against industry standards, and identify more ways to save production and operational costs.

Businesses can also realize social benefits as a result of an ESMS as well through clear, transparent human resources policies and procedures. These policies can improve communication between management and the workforce, and anticipate and avoid labour problems. Effective occupational health and safety procedures help to identify and eliminate workplace hazards, and reduce any potential negative impacts. Businesses will reap the benefits of these policies through a reduction in injuries and fatalities, and directly impact the bottom line by reducing absenteeism, employee turnover, and lower workers' compensation insurance premiums.

Many companies already use management systems for quality control. An ESMS simply extends that approach to the management of business's impact on the environment, workers, and other external stakeholders.

Ultimately, management systems should be integrated and centralized in one comprehensive system, instead of having separate systems for quality, occupational health and safety, and the environment.





Portland Private Equity
Mr. Douglas Hewson
Bush Hill & Bay Street, St. Michael,
BB 14038, Barbados, W.I.

Mobile: 1-613-315-1863
E-mail: dhewson@portlandpe.com

www.portlandpe.com

Acknowledgements:

Teodor Herman MDM, BDes, RGD
Art Direction & Graphic Design
teoherman@gmail.com
www.teoherman.com

Tawnya Zwicker
Content & Social Media
Marketing Consultant
Copywriting & Editing
twickzwick@gmail.com
www.tawnyazwicker.com