



Portland Caribbean Fund II

Environmental and Social Due Diligence

of Grupo IGA

**Merger of Grupo Conboca S.A.S. and
Inmaculada Guadalupe & Amigos S.A.**

Portland Private Equity conducted an environmental and social review prior to investment. The project's management team is committed to implement the identified environmental and social corrective measures and is working closely with Portland on its implementation. A summary of the environmental and social review is provided in the following chapters.¹

Contact information

Grupo IGA has a designated ESG team; the social team is lead by Claudia Marcela Hernández Angel and the environmental team by Lina Sanchez Peña. Please contact them if you have any suggestions, comments or concerns regarding the group's environmental and social performance.

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Portland's Environmental and Social Officer is Douglas Hewson whom you can also contact concerning the project's ESG performance.

Transaction backgrounder

Portland Caribbean Fund II invested COP\$15,000 million (as a mezzanine investment) and COP\$30,000 million (as a subordinated loan) into Grupo IGA, the entity resulting from the merger of Grupo Conboca S.A.S. (Conboca) and Inmaculada Guadalupe & Amigos S.A. (IGA). Conboca and IGA are two of the leading companies in the Colombian restaurant business; Grupo IGA would form the largest restaurant platform in Colombia. Grupo IGA will cover the Casual Dining, Quick Service restaurants and foodservice segments, with 217 owned restaurants and 82 franchises in 46 cities in Colombia.

The merger consisted in IGA absorbing Conboca. IGA will have the Shared Services Unit and operate the Full Service Restaurants (brand Andrés). Avesco, Avinco and Topstar will operate the Quick Service Restaurants (Kokoriko, Mimo's). Palos de Moguer and Cervecería Colón will operate the pubs and the brewery.

The general rules of governance of Grupo IGA are reasonable. Within the 100-day plan, which will start once the transaction is approved, the company's management will decide which policies and procedures will dominate and which changes will be implemented. There will be a single Environmental Department for all the companies in the group.

¹ Disclaimer: Please see and refer to the **Terms of Use** at www.portlandpe.com.

Environmental and Social Review

This is a category B project because specific impacts may result that are site-specific and can be avoided, reduced or mitigated by adhering to generally recognized performance standards and guidelines (IFC and national standards). Compliance with IFC Performance Standards 1 through 4 was verified, and the EHS Guideline for Tourism and Hospitality Development taken into consideration. The review consisted of appraising environmental and social information provided from both companies based on several questionnaires.

The Environmental and Social due diligence identified areas of improvement and compliance gaps with IFC Performance Standards. To close these gaps an Environmental and Social Action Plan was developed and agreed on.

Main Action Plan items are the nomination of an E&S officer and the establishment of a merged, group-wide E&S team, and the development and implementation of an Environmental and Social Management System.

The implementation will be ensured in an on-going dialogue between Portland Private Equity and the company, and yearly annual monitoring reports are to be provided.