



Portland Caribbean Fund II

Environmental and Social Due Diligence Summary Report

of Merqueo S.A.S.

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 detailed in the environmental and social action plan and is working closely with Portland Private Equity on its implementation.¹

Contact information

At Merqueo, the core E&S team consists of German David del Basto Sepúlveda and Diana Ramírez Mora. Please contact them if you have any suggestions, comments or concerns regarding the Merqueo's environmental and social performance.

1. German David del Basto Sepúlveda
Director MASSST
gdelbasto@merqueo.com
2. Diana Ramírez Mora
Coordinadora de Gestión Ambiental y Responsabilidad Social Empresarial
dramirezm@merqueo.com

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

Transaction background

Portland Caribbean Fund II will invest up to US\$10M as common equity into Merqueo S.A.S. ("Merqueo" or the "company"), a dedicated online grocery retailer in Colombia. The company experienced high growth rates since its inception in 2015 and could be classified as a mid-stage start-up. Our investment will be used as growth and working capital to further support company's expansion goals, resulting in an almost 34% equity share position with two Board seats.

General company information

Merqueo is a Colombian company, headquartered in Bogota and with operations in Bogota, Chia, and Medellin. Merqueo offers customers a seamless online platform where they can easily shop for groceries that are conveniently delivered to their door, at a price targeted to be 5-10% less expensive than those at a supermarket. Unlike other delivery platforms in Latin America, Merqueo is a "pure" dedicated online grocery retailer as it offers delivery of its own-inventoried products, which are centrally picked from one of its three distribution centers.

Headquarters are located in an office building in a mixed commercial and residential area in Bogotá as well as two distribution centers (DC Montevideo in industrial area and DC Ferias in mixed industrial and residential area). Another distribution center is located in La Estrella, Antioquia, in an industrial area. From the distribution centers in Bogotá the company supplies Bogotá, Soacha and Chía. The distribution center in La

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

Estrella supplies Medellín, Itagüí, San Antonio de Prado, Bello, Envigado, Caldas and Sabaneta.

Environmental and Social Review

Merqueo was rated as a category B project as specific impacts may result that are site-specific and can be avoided, reduced or mitigated by adhering to generally recognized performance standards and guidelines. The exclusion of any exclusion list activity was ensured.

IFC Performance Standards 1 through 4 were verified, with a focus on Performance Standards 1 and 2. Performance Standards 3 and 4 were verified partly, as most requirements do not apply.

The due diligence consisted of appraising information related to environmental and social issues provided by the company based on several questionnaires, further independent research, and the legal due diligence report by a local law firm covering labor matters.

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 included in the legal agreement additional to E&S covenants.

Main Action Plan items include the nomination of an E&S officer, and expansion of the existing OHS team to constitute a complete E&S team. Additionally, Merqueo is required to develop and implement an Environmental and Social Management System. The implementation will be ensured in an on-going dialogue between Portland Private Equity and Merqueo, and yearly annual monitoring reports are to be provided.