



Annual Report

2018

Conscious investments for an
abundant Latin America

Partners letter

Dear mesoamerican family:

We proudly invite you to read our first annual report using the Global Reporting Initiative. We are happy to share our economic, social and environmental results, that we've been working on as a firm for various years. The purpose of this annual report is to be accountable of our distinct hearings about our yearly achievements and learnings, starting with 2018.

Since the beginning, the firm had the conviction of 1) We can get results by doing good, 2) Bring the best professionals who want to generate an impact in the region and 3) Treat every initiative as an experiment. This DNA has been the guide to the success story of Mesoamerica for the last 20 years as the leading investment platform in Latin America.

We have always dared to dream big, which took us to form an alliance with Telefónica in 1998 to transform the industry of telecommunication in an era where state monopolies ruled the industry. And establishing the first renewable energy company in Central America, responsible for generating 10% of the energy of the country and supporting more than 400 families get land titles and investing more than US\$ 1.2 millions in community development.

In 2018 Mesolat evaluated over 100 investment opportunities and continued its growth plan on the Unifood investment in Chile which closed the year with ~300 points of sale, sales growth of 89% and +4000 collaborators. Zuma Energía continues its construction of wind and solar projects to become the leading platform of renewable energies in Mexico, with more than 800MW in operation and the largest power generating farm in Latin America (Reynosa which operates 424MW) and sales growth of 25%. Atento continues its implementation of strategy towards services of greater value added and initiatives to increase the value per share.

To be successful in a VUCA (Volatile, Uncertain, Complex, Ambiguous) world, we know we shall be driven by a massive and transformative purpose, guided by conscious leaders who have a profound understanding of the global systems and human necessities.

We count on all of you as our allies in our purpose of generating conscious investments for a more abundant Latin America and we hope to write together many years of success and prosperity for our region.



- 03 | About Mesoamerica
- 15 | Management approach in Mesoamerica
- 20 | Environmental Axis
- 25 | Social Axis
- 29 | Economical Axis
- 34 | Conclusion



Mesoamerica is a leading company in investment in Private Equity in emerging markets of Latin America, focused on Colombia, Chile, Perú and Mexico.

For more than 20 years, we've transformed the region and contributed to its development by creating economical, social and environmental value.



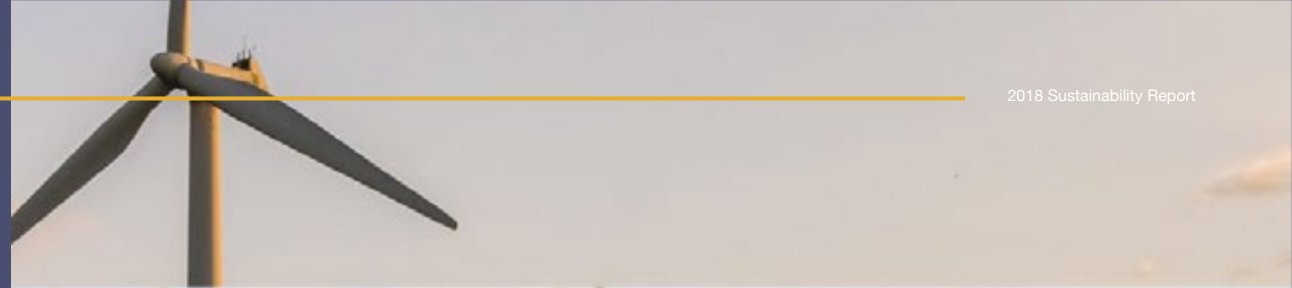
Investment Model

Our model is based on the identification of high impact platforms, we form alliances with its leaders and give them growth capital, strategic knowledge, governance and access to world class talent with the objective of boosting their growth and impact on the region.

We transform industries in areas of key interest: Energy and Materials; Food and Agriculture; Health; Urbanization; Consumption. Our investments benefit from the synergy that results from our global relations, local offices and industry knowledge. We partner with institutional investors that share our values and vision about creating long term value and seeking to place patient capital throughout the region.

Our experience and trajectory has permitted us to build a wide and diverse network of individuals, companies and organizations with whom we share a common purpose.

Energy and Materials —



Food and Agriculture —



Health —



Urbanization —



Consumption —



Purpose —

Conscious investments for an abundant region.



Vision —

Being the leading platform in Latin America with an innovative, collaborative and sustainable model that uses the power of capital transformation to generate prosperity and inclusion in the region.



Principles



Transformational value creation

We believe in the transformational power of capital and understand that the real transformation requires an innovative vision and direction. We enable and accelerate the transformation of companies that generate a prosperous and sustainable future.



Curiosity as a driving force

We are always looking for new knowledge, we foster spaces to learn from failure. We are continually exposing ourselves to new experiences and people. We aspire to be the best version of ourselves.



Lead meaningful lives

We are driven by a life with purpose where work is one of several avenues to fulfill our aspirations. We can be our true and authentic selves.



Commitment to excellence

We play to our strengths, don't accept mediocrity, always stretch the boundaries of our comfort zones. We aim to deliver excellence without excuses.



Team work inspired by collaboration

We are all leaders. We truly care about others and help them become more successful. We present a united front towards the outside. We respect each other's interests and embrace diversity.



Open and direct communication

We are committed to open, honest and direct communication. We are also committed to listening and to 360* feedback.



Everything is up for debate

We debate passionately with structure and fact based arguments. We promote divergent views and respect the opinions of others.



Work with diligence

We are always on time and we meet deadlines. We are always on the offensive (we ask, we follow up, we keep others well informed, we are on top of things). We exercise responsibility and diligence.



Accountability

We don't play games, we are clear about our intentions and responsible for our actions with all stakeholders.

In Mesoamerica the decision making body is the Board of Directors which has weekly meetings and is composed of the managing partners of the firm, in this forum are presented the economic, social and environmental strategic topics. Also, there is a sustainability committee of Mesoamerica, where the financial and administrative manager, the sustainability manager and a delegate from each office participate.

In the investment vehicles managed by Mesoamerica, each one has its own Board of Directors where the shareholders of each vehicle participate. They meet quarterly and Mesoamerica has the role of President of the Board of Directors, where the economic, social and environmental topics are discussed.

In the case of Mesolat, there is a monthly investment committee, where the main investors participate and investment decisions are made, an advisory committee that meets twice a year and an annual investor assembly. One of the requirements to be able to approve an investment decision is doing a due diligence process that includes social, environmental and governance topics.



Reporting

Mesoamerica generates, for every investment vehicle, quarterly reports using the ILPA (Institutional Limited Partners Association), an organization formed by world class institutional investors which seeks to enhance the corporate government and dialogues with capital administrators (General Partners). This reports include economic, social and environmental material topics identified in each investment.



Code of Ethics

In Mesoamerica we care to maintain our reputation and trust we have with our portfolio investments, our investors, members of the team, as well as the communities where we operate.

We motivate the entire Mesoamerica team to protect the firm's relationships and reputation to continue strengthening and gaining that trust. For them, we have a Code of Business Conduct and Ethics that describes the basic policies and standards of behavior expected of all the employees.

All employees are committed to following the minimum standard of business conduct and ethics by signing a legal document and an annual training. The channel to file complaints in Mesoamerica, being a small firm it's through our Compliance Manager, which then passes the nonconformity to the Board of Directors.



Anti-corruption mechanisms and conflicts of interest

All employees at Mesoamerica are committed to carrying out our business with the highest ethical standards and in accordance with all laws, rules and regulations of the countries in which Mesoamerica does business. In Mesoamerica we care about the transparency of our operations, so we work with filters in the transaction processes to determine if there is any abnormality in corruption issues. One of our processes is Due Diligence, a mechanism in which our investment team carefully reviews each investment to determine if there is a risk of corruption. In addition, all companies in the portfolio must adopt the anti-corruption policies to which Mesoamerica is attached, which are the Foreign Corrupt Policy and the UK Bribery Act.

We are governed by the transparency and excellence of our associates and collaborators, so we can proudly say that there have been no cases of corruption in our firm's history. In 2018, 100% of our employees and portfolio companies were trained in this area.



Conflicts of interest

If for any reason there is a conflict of interest, employees of Mesoamerica must always act first in the best interest of the following parties in the proper order:

- Mesoamerica's Investors
- Portfolio Companies
- Mesoamerica
- Collaborators

When there is a conflict of interest, it must be communicated to the Compliance Manager of Mesoamerica, who will raise the issue to the necessary instance and propose the way forward according to the established policy.

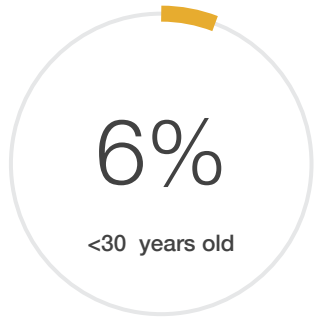
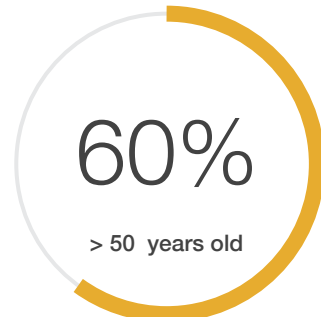
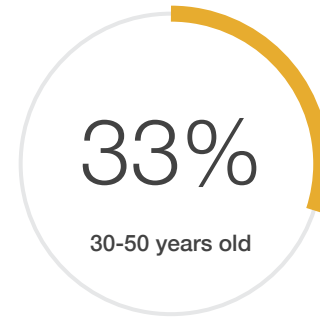
ORGANIZATION

Internship Program

Mesoamerica has an internship program and 3 to 5 students are hired a year from different universities in the world for periods of 3 to 4 months.

Nationalities:

- El Salvador
- Ecuador
- Guatemala
- Colombia
- Costa Rica
- Dominican Republic
- Mexico
- United States



Our Companies

Over the years, we have invested successfully in a variety of industries and have actively managed companies in industries such as telecommunications, cable, construction services, restaurants, renewable energy and BPO throughout Latin America. We have different investment vehicles throughout the region:

ZUMA ENERGÍA

... Accelerate the transition towards renewable energies in Mexico...

Zuma Energía, is one of the main renewable energies company in Mexico, with a capacity of 818 MW. In 2014, it was the year that the transaction was completed, in a Joint Venture with Actis.

MESOFOODS

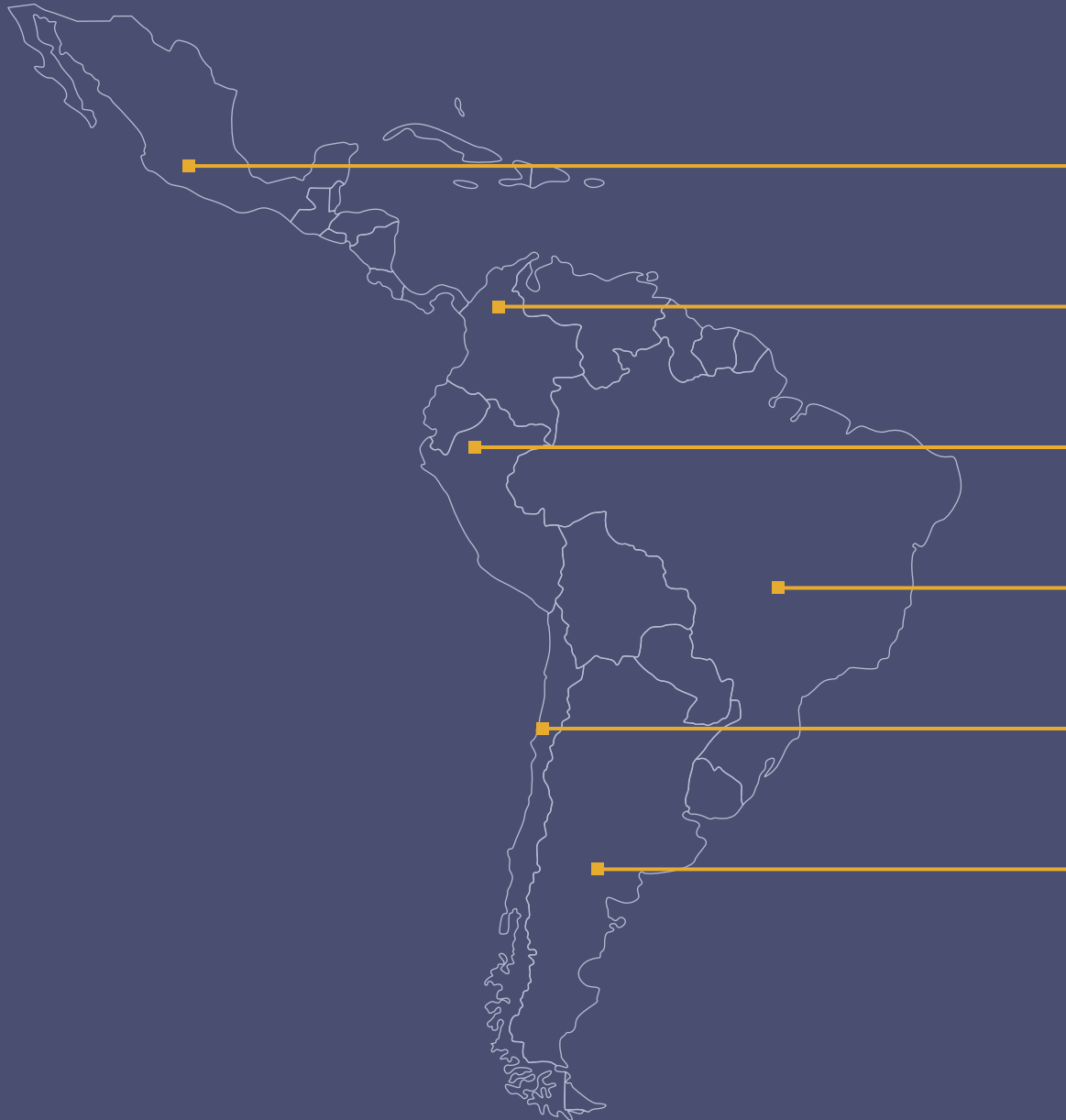
... Bring quality food and experience to the middle class in Latin America...

Leading QSR operators in Colombia and Chile with a footprint of more than 800 restaurants and more than 7 brands loved by consumers.

ATENTO

... Improve BPO services in Latin America...

A joint Venture with Bain Capital, the largest provider of customer relations and outsourcing solutions for business processes in Latin America and Spain. The company offers solutions to more than 400 clients through more than 150,000 highly dedicated customer service specialists. An IPO of 15% of the company was made at the NYSE in October 2014.



Our Allies

Our ecosystem is one of the strengths of our firm, and something to which we dedicate a lot of time and resources.

We have a wide and diverse network of allies that support us in different fields, such as strategy, sustainability, innovation, among others.



With \$ 201.4 billion in June 30, 2019, the Ontario Teacher Pension Plan is the largest single-profession pension plan in Canada. An independent organization, invests the assets of the pension fund and manages the pensions of 327,000 active and retired teachers in Ontario.



Bain Capital is a financial asset management company specialized in private equity, venture capital, credit and hedge funds.



It is a company that builds scalable companies that transform industries and societies and become the backbone of the middle class of emerging economies.



Global investment firm in emerging markets focused on private equity, energy, infrastructure and real estate asset classes. It has a growing portfolio of investments in Asia, Africa and Latin America and US \$12 billion in assets under management.

Sustainability and Innovation



The Copenhagen Institute of Interaction Design is a graduate and consulting school based on Copenhagen, Denmark, which focuses on the area of interactive design, to create impact through the design of innovative products, services and environments.



Institution in Silicon Valley whose purpose is «to gather, educate and inspire a group of leaders who strive to understand and facilitate the exponential development of technologies and to promote, apply, orient and guide these tools to solve the great challenges of humanity.



It is an initiative launched in 2016, focused on inspiring and mobilizing business leaders to align their companies with Sustainable Development Goals.



Non-profit organization that seeks the sustainability and competitiveness of the country, through the promotion of responsible and sustainable business models in companies. Guide the productive sector to consider principles of sustainability as part of its management, reducing negative impacts and maximizing positive impacts on society, the environment and the economy.

Business Networks



YPO is a global leadership community of executive directors driven by the belief that the world needs better leaders.



The Group of Fifty is a non-profit and non-partisan initiative based in Washington, D.C., USA, whose main objective is to foster open dialogue between members of the business community in Latin America promote economic development and social progress in the region.



The World Economic Forum is the international organization for public-private cooperation.



The Aspen Institute is an international non-profit group of experts founded in 1949 as the Aspen Institute for Humanistic Studies. The organization is a nonpartisan forum for leadership based on values and the exchange of ideas.

Industry Groups



The Global Impact Investing Network (GIIN) is the world champion of impact investment, dedicated to increasing its scale and effectiveness worldwide.



LAVCA is the Association for Private Equity Investments in Latin America, a non-profit membership organization dedicated to supporting the growth of private equity in Latin America and the Caribbean.



The Principles for Responsible investment backed by the United Nations are an international network of investors working together to implement the six principles.



Management approach

2018

Interest groups and Stakeholders

Mesoamerica carried out a stakeholder mapping in which it identified the following stakeholders as strategic:



Investors

Our investors are our partners in purpose, they are those families and institutional investors that seek to generate impact, heritage and legacy throughout Mesoamerica.



Collaborators

Our collaborators are strategic allies, they are what make it possible for Mesoamerica to have desired impact in the region.



Portfolio Companies

Our portfolio companies are the impact platforms through which we can move needles and put capital at the service of the region.



Our NGOs and Networks

Our diverse Ecosystem is the social fabric that facilitates the generation of connections and the development of relationships at the service of the impact we want to have in the region.



Identification and management of economic, environmental and social impacts

In Mesoamerica, we work using the triple bottom line model. This model is based on the identification of economic, environmental and social impacts. We are aware of the importance of these factors, and their effect on our strategy.

In 2017, we carried out our first materiality exercise where we identified our main economic, social and environmental impacts, through a consultation process that was done to our investors and collaborators and using reference documentation for our economic activity sector such as Robecco SAM, Principles of Responsible Investment, among others.

Social

Fullfilment

Insurance, operations and investment, with regulatory requirements and their management in a timely and transparent manner.

Succession and leadership

Development of a succession plan for Mesoamerica's partners and the early identification of leaders in the organization with the potential to be partners.

Professional development and career plan

Continuous development and clear growth paths for all positions.

Balance in life

Allow people to lead meaningful lives and have mental, physical and emotional well-being.

Attraction and retention of talent

Keep Meso competitive and current to attract diverse and world-class talent.

Culture

Culture with awareness that is aligned with our purpose.

Diversity and non-discrimination (gender equality)

Recognize and support vulnerable groups in society and benefit from divergence.

Community investment

Strategic social investment that allows us to expand our ecosystem and strengthen our business model.

Environmental

GHG Emissions

Measurement, reduction and compensation of greenhouse gas emissions that Mesoamerica produces in its offices with a range of 1,2 and 3.

Efficient use of resources

Measurement of consumption and reduction of natural resources used by Mesoamerica's offices.

Adaptation to climate change

Identification of the vulnerability of Mesoamerica's business model to climate change.

Economic

Responsible value creation

Generate competitive returns, being good citizens, in all our investments.

Accountability

Ensure the necessary instances to render accounts to our stakeholders in a transparent manner.

Risk management

Identify, mitigate and holistically manage the risks associated with each investment ESG issues.

We are committed to seeking investments that generate financial return and impact, promoting the development of the regions in which we invest. We have a responsible investment policy, which ensures that Mesoamerica seeks responsible value creation throughout the investment cycle. We are part of different international organizations that promote responsible investment, such as PRI (Principles for Responsible Investments) that allows us to be sharing and learning from best practices and developing relationships that seek to improve our management approach. In addition, we are always looking for knowledge and opportunities at the forefront of the world of impact investments in order to adopt this model in Latin America.

At the environmental level, we are committed to having the best standards and certifications from Mesoamerica operations related to the efficient use of natural resources and to contribute to mitigate the impacts of global warming. Our effort is focused on expanding these standards towards our investments.

In the internal social field we make many efforts to remain competitive in our practices of attraction and retention of talent, offering compensation packages and benefits found in the higher percentiles of the market. We are always working to meet the needs of our current and potential employees, maintaining our current policies and incorporating new practices (such as work from home and parental leave) in order to the well-being and balance in life of our people.

From the Strategic Social Investment we seek to support the external social sphere. Mesoamerica, since its inception has supported different civil society organizations. Today, we focus on supporting 4 pillars that are close to our business:

- 1) quality education
- 2) conscious leadership
- 3) entrepreneurship ecosystems and
- 4) responsible and coordinated private sector.

Over the years we have invested around 5% of the firm's profits in different organizations that promote one or more of these pillars and we also encourage our employees to dedicate up to 10% of their time to supporting social initiatives.



Environment





Climate Change

Mesoamerica is a certified Carbon Neutral organization since 2014, year after year we have worked with great effort to maintain that certification in all our offices.

This year we recertify for the years 2016 and 2017 achieving a rating with zero discrepancies obtaining the Carbon Neutral Plus seal, which is awarded to companies that measure up to the greatest extent which is the third:

Extent 1: They are of direct control and impact. In our case it is the one that generates the least footprint since it is the product of the use of agents such as extinguishers and equipment refrigerants.

Extent 2: They are of direct control but indirect impact. In our case it is the electrical energy that we use in our operations.

Extent 3: They are of indirect control and impact. Mesoamerica has chosen to include this scope, although it is indirect since it represents our greatest contribution at the carbon footprint level. They mainly include air flights as a result of our business.

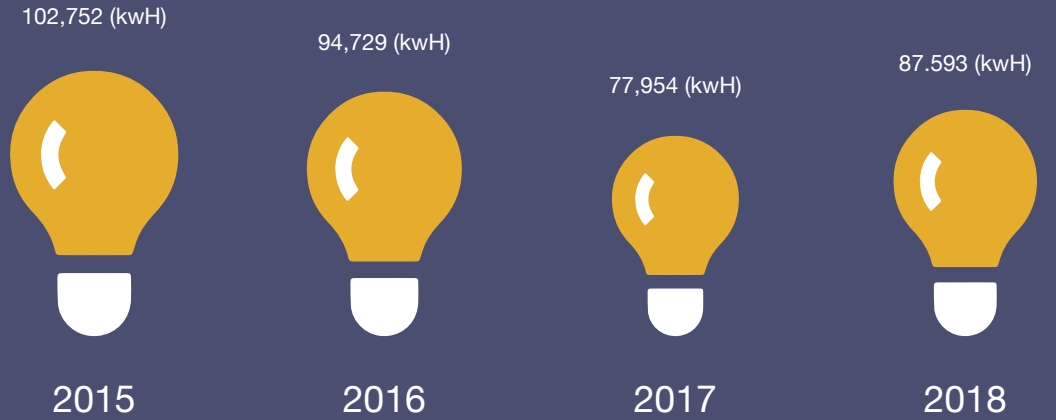
In addition to the actions of reduction and compensation of our carbon footprint, we invite our collaborators with their families to an annual reforestation day, in each country, in order to provide awareness on the subject.

Efficient use of Natural Resources

We are committed to taking care of natural resources in our business. Since our business is of services, the consumption of resources is small, where the main ones are electricity, water and waste generation.

We have a Sustainability Committee in charge of providing the necessary tools to keep track. The system with which we work to control waste is GreenCloud, which is an online platform that helps us organize historically and in an orderly manner the registration of the use of different resources.

This platform has different organizational categories, monthly a collaborator is responsible for typing the different monthly results of the resources and waste used. We count energy consumption, water and waste management.



Historical consumption of Mesoamerica



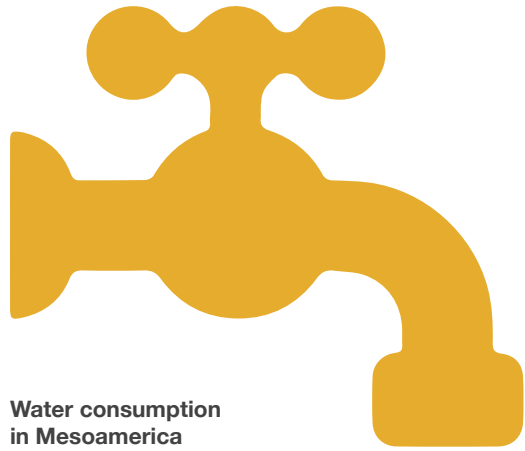
In 2018 we moved our offices in Colombia to an ecological building, which has the necessary facilities to be sustainable with the environment. It has solar panels to reduce energy consumption in offices as well as an air cooling system that consumes very little energy.



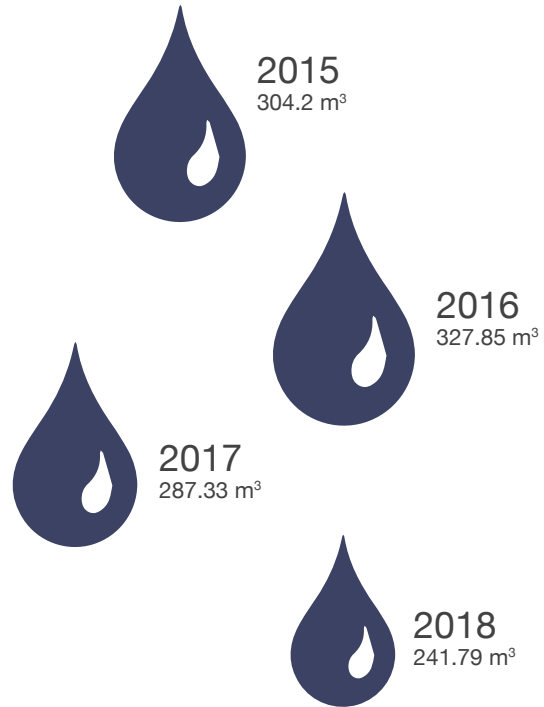
In our three offices we have implemented smart light systems to be operated by means of motion sensors (when the sensor scans the area and identifies that there is no one in the room, the lights automatically turn off).



We have a policy for smart purchases of technological equipment, such as printers, computers, servers, telephone exchanges, lights and air conditioning. We look for equipment certified by Energy Star which guarantees the efficient use of the equipment in energy matters.



Water consumption
in Mesoamerica



Water

We are committed to reduce water consumption in our three offices. We promote responsible consumption and install meters that register monthly consumption.

In the three offices we use double discharge toilets, in the Colombian office we use grey/storm water for the sewage system as in urinals and toilets.



VALUABLE WASTE



NON-VALUABLE WASTE

Waste

The responsible use of waste used in offices is of the utmost importance to us. We classify waste by the following categories: aluminum, plastic, glass, cardboard and paper, organic and non-recoverable. It is counted monthly in each office by weight and takes control of the GreenCloud platform.

In Mesoamerica we have committed ourselves to rate the different waste to promote recycling. With a methodology of weighing the waste produced in the different offices monthly, we can define the weight as a whole.

Social Materiality



Work in Mesoamerica

In Mesoamerica we hire people with outstanding talent and performance, with strong analytical capabilities and a deep sense of commitment to improve the well-being of the region through the transformative power of private capital. We strive to have staff that share our vision, purpose and values.

We care about the balance and well-being of our team and we are committed to our collaborators so that they have a healthy and pleasant working environment and we love that they feel at home and in family in the workplace.



We currently have a total of 30 employees who enjoy a wide list of benefits focused on the health, well-being and happiness of our employees in all the countries in which we operate.



5 business days for marriage



Life insurance



Dental Assistance insurance



Medical investment insurance



Disability coverage



Annual health and wellness bonus



1 day / week of work from home



1 additional business day for funeral duels.



Annual vaccines against influenza



Parental leave of 2 months for men and 4 months for women.



Gender Equality and Non-Discrimination

In Mesoamerica we believe in inclusion and we care that our employees do not feel discriminated against and are always included in the work environment. We have signed an international UN agreement known as **HeForShe**, which promotes gender equality in the world.

In addition, in our Operational Policies we have a clause regarding discrimination.

Since its founding in 1996, Mesoamerica has never had a case where a serious issue of discrimination has been presented for a collaborator.

Our collaborators know that if there is any case of discrimination, they must report it immediately to the legal department.

The inclusion of women in the work team is highly important to Mesoamerica. By 2018, 54% corresponds to the women's team and 46% of the team is male. We have made this effort because we believe in the transformational power to empower women in the region.



Community Investment

Mesoamerica has two main allies for the social good, both are NGO's and focus on different audiences.

The first organization is known as Voces Vitales, founded by Hilary Clinton in the United States and Costa Rica is one of the chapters of this organization that is dedicated to promoting the empowerment of women so that they can develop their life projects and have leadership positions in companies.

On the other hand, we have as an ally an organization that promotes entrepreneurship in Costa Rica and Central America called Yo Emprendedor, a non-profit organization focused on promoting the entrepreneurial ecosystem of Central America. Mesoamerica shares its facilities and knowledge with these two allies.

Mesoamerica through these allied organizations has generated an impact on the public of interest, which would be entrepreneurs from Costa Rica and Latin America and the public in general promoting the empowerment of women:



- 11 years of impact on entrepreneurs and the entrepreneurial ecosystem
- 9 Impacted countries
- 500+ Events held
- 4000 Startups participants
- 17,000 Entrepreneurs supported
- 120+ Strategic allies
- \$8+ Millions in investment



- 8,846 Impacted people
- 630 Female mentors
- \$126,000 Donations in kind
- 2,624 Hours donated
- Fundraising of \$216,098
- We work with 114 companies lead by women



We have an annual budget between **\$200,000 and \$250,000** to make strategic social investment of which one part is destined to these two important initiatives because we believe in the transformational power of both.

Economic Materiality



Fiduciary Duty

In Mesoamerica we have an Operations Manual that protects the privacy and security interests of our clients, collaborators and allies.

Security in Mesoamerica is a pillar that we consider elementary for our operations. We have both internal and external security mechanisms, this to protect our customers, collaborators and allies. All employees sign a Confidentiality Agreement to protect the information of the company and our customers.

Security of our Environment

In the case of the internal we have a procedure called “KYC” (Know Your Client). It is used to know and locate the financial beneficiaries of our the final beneficiaries of our investors, to comply with the principle of transparency. The information analyzed in this procedure is as follows:

- Investor Financial Information
- 2 reference letters
- 1 account status
- 1 document confirming that the information is reliable.

We work continuously in the information security of our allies. We have different security mechanisms and protocols and we conduct an annual technology audit that indicates the improvement of our systems to the XXXX standard. At the same time we have a Manual of Policies and Procedures for IT. To see the manual [click here](#).

Security

We identify by categories the security protocols and mechanisms, and apply them in all our offices in the areas of software and hardware.



Software

- We have the security of double factor authenticity, which is to ask our allies for a password and a token to enter our servers.
- Virtual labeling of documents for allies and collaborators to define the degree of confidentiality of the document.
- Our servers are protected by a firewall
- We keep our information in an RMS (Remote Management Server) that helps us to have all our documents uploaded in a virtual cloud.



Hardware

- We have a server room, with restricted Access and surveillance cameras 24 hours a day.
- We have an IT Manual for protocols and policies.

Customer Privacy

Privacy in Mesoamerica is one of the most important factors for our operation. This is because in the industry in which we work we handle very high profile clients, so we feel the obligation to protect the sensitive information of our investors.

Therefore, Mesoamerica expects all its employees and staff to be dedicated exclusively to Mesoamerica activities during the time of their employment. Mesoamerica also requires professional integrity of the highest standards in its personnel, such that clients and investors have confidence and security that Mesoamerica will not abuse the confidential information provided during the course of a transaction or project.

So far, Mesoamerica has not presented problems or violations of the privacy of its customers.



Conscious investments for an abundant Latin America

