This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental, social and governance (ESG) assessment performed, potential risks identified, and related mitigation measures to be implemented.

**EcoEnterprises Fund**

**Transaction Description**

EcoEnterprises Partners III, LP (the “Fund”) is an investment fund managed by GEC EcoEnterprises Management, LLC. The USD 111 million Fund will provide a variety of financing instruments to biodiversity-based small and medium enterprises (SMEs) in several sectors including sustainable agriculture and forestry, agroforestry and wild-harvested products, aquaculture and ecotourism. The third and largest fund managed by the General Partner (GP), the Fund will work across several regions in Latin America including Meso-America, the Northern Andes, and the Amazon Basin.

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### Transaction Details

<table>
<thead>
<tr>
<th><strong>COUNTERPARTY (FUND)</strong></th>
<th>EcoEnterprises Partners III, LP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DOMICILE OF INCORPORATION</strong></td>
<td>Ireland</td>
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<tr>
<td><strong>DOMICILE OF OPERATIONS</strong></td>
<td>Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Nicaragua, Paraguay, Peru</td>
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<tr>
<td><strong>FUND MANAGER</strong></td>
<td>GEC EcoEnterprises Management, LLC</td>
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<td><strong>FUND TERM</strong></td>
<td>10 years (with possible extensions)</td>
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<td><strong>SECTOR</strong></td>
<td>Agribusiness</td>
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<tr>
<td><strong>IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY (CATEGORY DEFINITIONS HERE.)</strong></td>
<td>Category B/C</td>
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<tr>
<td><strong>OTHER CANADIAN PARTICIPATION (IF APPLICABLE)</strong></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>FINANCIAL PRODUCT</strong></td>
<td>Equity</td>
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<tr>
<td><strong>TOTAL FUND SIZE</strong></td>
<td>USD 111 million</td>
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<td><strong>FINDEV CANADA PARTICIPATION AMOUNT</strong></td>
<td>USD 12.5 million (~CAD 16.5 million)</td>
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<td><strong>PARTICIPATION AS PERCENT OF TOTAL FUND</strong></td>
<td>11.3%</td>
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<td><strong>DATE OF TRANSACTION DISCLOSURE</strong></td>
<td>April 10, 2019</td>
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<tr>
<td><strong>DATE OF TRANSACTION SIGNING</strong></td>
<td>May 22, 2019</td>
</tr>
<tr>
<td><strong>DATE OF TRANSACTION SUMMARY PUBLICATION</strong></td>
<td>August 22, 2019</td>
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</tbody>
</table>

**QUALIFYING**

Yes, under criteria 2 “Leadership”
Summary of Anticipated Development Impacts

EcoEnterprises Fund III’s primary development impact value proposition is to support biodiversity-based SMEs with growth capital, thus enabling increased business activities that contribute to improved rural economic opportunities and conservation of natural resources. In the long-term this is expected to ensure healthy ecosystems and sustainable livelihoods for local communities. The transaction is expected to drive outcomes in all three development impact areas of FinDev Canada.

MARKET DEVELOPMENT:

- **Strengthening local SMEs and employment**: The Fund will exclusively focus on providing growth financing using a variety of instruments to mainly locally-owned and -led SMEs and providing hands-on support to help SMEs in operational and governance areas that are key for successful growth. These SMEs will in turn support thousands of local jobs and suppliers, including in rural areas, the exact numbers of which will be quantified during monitoring of the investment.

- **Economic value addition**: Fund investments in up to ~18 SMEs will also generate economic value in local markets, through salary payments, taxes, and profits. FinDev Canada estimates that by 2028 the Fund's activities may generate up to USD $4.3 million in additional local economic value added.

- **Mobilizing other investors**: The Fund also expects that its activities will allow its SME clients to attract up to USD 250 million in additional financing.

WOMEN’S ECONOMIC EMPOWERMENT:

- **Empowering women in governance, leadership and employment in the private equity/debt sector**: The Fund Manager is owned and led by women, including the CEO and COO, and employs a majority of women. The Manager is also committed to inclusive gender practices in its own business.

- **Building internal fund capacity on women’s economic empowerment**: The Fund Manager has completed the Women's Empowerment Principles (WEPs) Gaps Analysis Tool and will continue to build its internal capacity to support women's economic empowerment through its portfolio companies, including the opportunities below.

- **Creating good-quality jobs for women**: The Manager’s experience in previous funds indicates that women could comprise up to 50% of all jobs created and supported by the SMEs financed, as well as by their suppliers, which could mean up to 1,000 jobs for women over the life of the Fund. FinDev Canada will also support the Fund to measure qualitative elements of job quality, such as benefits provided that can lead to positive impacts for women employees, salary equality, and other benefits.

- **Supporting women owned or led SMEs**: The Fund has a commitment to ensuring that at least 15% of its total capital, or 4 individual investments, reaches SMEs that are owned or led by women entrepreneurs, contributing to increased access for women entrepreneurs in the region. The Fund also tracks women in management in all its portfolio companies to identify opportunities to increase gender balance in senior positions.
CLIMATE CHANGE MITIGATION AND ADAPTATION:

- **Encouraging sustainable land management practices:** The Fund explicitly targets biodiversity-based SMEs operating (in some cases) in areas of high biological diversity. The Fund’s portfolio companies are expected to contribute to maintaining or transitioning ~2.5 M hectares of land to sustainable management approaches, including those recommended by international sustainability certifications. This should lead to improved natural resources conservation, biodiversity conservation, and capacity to adapt to climate change, which will be monitored over the life of the Fund.

- **Increasing sales of sustainably produced products and services:** As the SMEs in the Fund's portfolios grow, this will positively impact the volume and value of certified sustainable products and services sold in local and international markets which could be as much as USD $1 billion. This will contribute to the demonstration effect of sustainably managed SMEs also successfully reaching new and growing markets with a profitable business model.

**Summary of Environmental and Social Assessment and Related Risk Mitigation Measures**

The environmental and social impacts and risks of the transaction are predominantly related to those associated with the Projects in which EcoEnterprises Fund III will invest. As such, FinDev Canada’s environmental and social assessment focused on the Fund’s Environmental and Social Management System (ESMS) and its application as it pertains to the Fund’s portfolio, i.e., how the Fund intends to assess and manage the environmental and social risks and impacts related to its investments. The assessment involved conversations with Fund managers as well as a comprehensive review of documentation including the ESMS, relevant policies, and internal capacity.

Broadly, the potential impacts of the sectors in which the Fund will invest—agribusiness, aquaculture, forestry and ecotourism—may be related to biodiversity, water use, pollution (terrestrial and aquatic), waste management, impacts to communities, and/or occupational health and labour. Due to the nature of transaction, as well as stage and intended diversity of investments, site specific impacts for each investment cannot be determined at this time.

The key mitigant that the Fund has put in place is the ESMS, which requires the application of international standards (e.g. IFC Performance Standards), which will ensure consideration of the key environmental and social risk in the investment assessment process and appropriate mitigations, where required. The implementation of the ESMS will be monitored on an ongoing basis by FinDev Canada.
Documentation Reviewed

The following is an illustrative list of key documentation that was reviewed as part of the transaction assessment.

• Environmental and Social Management System (ESMS): In Brief. August 2018.
• Environmental and Social Risk Rating. June 2018.
• EcoEnterprises Partners III: General Monitoring Evaluation Tool.
• EcoEnterprises Fund Operations Manual. December 2018

International Finance Corporation (IFC) Performance Standards applied in FinDev Canada assessment, in addition to host country requirements:

• IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
• IFC Performance Standard 2: Labor and Working Conditions

1 As of date of this document.
2 The outcomes listed in this document represent those of the entire Fund, not of FinDev Canada’s pro-rated investment which is approximately 11.3% of the total capital committed. FinDev Canada’s proportional attributed outcomes would thus be 11.3% of total outcomes.
3 UN Women and UN Global Compact are encouraging firms of all sizes, in all countries, industries and sectors, to take decisive action towards gender equality with the Women’s Empowerment Principles. The WEPs Gaps Analysis Tool is a way for companies to easily measure their current commitments and progress towards gender equality.