

FINDEV CANADA TRANSACTION SUMMARY

EcoE IV

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



Transaction Description

This transaction consists of a commitment of up to \$15M (\$7.5M from FinDev Canada and \$7.5M from 2X Canada to EcoEnterprises Partners IV LP ("EcoE IV" or the "Fund"). EcoE IV is a 10-year limited partnership which seeks to invest in small and medium-sized enterprises (SMEs) and growth-stage businesses with a focus on nature, biodiversity and low-carbon sectors, such as sustainable agriculture and forestry, agroforestry and non-timber forest products, aquaculture, and ecotourism. This is a 2X aligned fund and at least 50% of the transaction is expected to contribute to climate finance.

This is the fifth investment that FinDev Canada is underwriting as part of 2X Canada: Inclusive Economic Recovery, a facility administered by FinDev Canada and funded by the Government of Canada through Global Affairs Canada.

The participation of the 2X Canada Facility is expected to contribute to mobilizing additional investor capital.

Transaction Details

COUNTERPARTY	EcoEnterprises Partners IV LP ("EcoE IV" or the "Fund")
DOMICILE	Ireland
COUNTRY(IES) OF OPERATION	Latin America
TERM OF FINANCING	Up to 10 years
SECTOR	Financial Intermediary
E&S CATEGORY	FI-2
FINANCING PRODUCT	Indirect Equity
2X CANADA TRANSACTION AMOUNT	USD 7.5M
FINDEV CANADA TRANSACTION AMOUNT	USD 7.5M
DATE OF TRANSACTION DISCLOSURE	09 September 2024
DATE OF TRANSACTION SIGNING	22 April 2025
DATE OF TRANSACTION SUMMARY PUBLICATION	22 July 2025
<u>2X ALIGNMENT</u>	Yes, under entrepreneurship & ownership, leadership, employment, products & services, and portfolio criteria

Summary of Anticipated Development Impacts

COVID-19 severely affected the region from an economic and a social standpoint, disproportionately impacting women. The development impact value proposition of EcoE IV is to enhance gender-inclusive and climate smart economic growth and development in Latin America. This is done by investing in local and gender-responsive businesses that promote nature, biodiversity and low-carbon sectors, and which support jobs, including in rural communities. At least 50% of the portfolio companies are expected to be gender-responsive, in alignment with the 2X Criteria, while all investees will receive support from the Fund to enhance their practices around gender inclusion, and climate change mitigation and adaptation.

The impact theory of change below summarizes how EcoEnterprises IV will contribute to FinDev Canada's long-term development impact goals and the Sustainable Development Goals (SDGs).



CLIMATE AND NATURE ACTION

- **Protecting nature and biodiversity in Latin America:** EcoE IV will invest in businesses that contribute to biodiversity and natural ecosystems through sectors such as regenerative agriculture, agroforestry, ag-tech solutions, sustainable aquaculture, and ecotourism. This is particularly important in Latin America and the Caribbean which, despite being one of the world's most biologically rich regions with nearly 40% of the planet's biodiversity, has experienced an alarming 95% decline in wildlife populations since 1970.¹
- **Investing in low-carbon sectors:** The Fund, committed to promoting a low-carbon economy, is expected to make investments in renewable energy, circular economy, and alternative proteins. EcoE IV seeks to have a carbon neutral portfolio by 2030.

¹World Wildlife Fund. 2024. [Living Planet Report](#).



GENDER EQUALITY:

- **Women-owned and led fund:** Globally, women fund-managers receive an estimated 2 to 3% of capital flow, and in Latin America and the Caribbean, only 8% of senior investment professionals in Fund Management teams are women^{2,3}. This transaction supports a women-owned and women-led fund, which further promotes investment towards women entrepreneurs and gender-responsive businesses. This is enabled by its gender-lens investing strategy, which equips the Fund to consider gender equality opportunities throughout the lifecycle of its investment activities.
- **Investing in and supporting gender inclusion:** As a gender-lens investor and a 2X aligned fund, EcoEnterprises IV is committed for 50% or more of its portfolio to meet the 2X Criteria by the end of the fund's life. The Fund Manager also intends to support all portfolio companies with the implementation of tailored gender inclusion measures and action plans.



MARKET DEVELOPMENT

- **Investing in local businesses:** EcoEnterprises IV seeks to invest in local SMEs and growth-stage businesses. They are an important local economic driver as MSMEs comprise 90–99.5% of firms in Latin America and the Caribbean (LAC) and generate 60% of formal productive employment.
- **Supporting local and rural jobs:** The Fund is expected to invest in sectors such as sustainable agriculture and forestry, aquaculture, and ecotourism. These sectors are locally driven and can bring meaningful economic benefits for local communities. For example, through 12 portfolio companies, Fund III currently supports 3,000 jobs and 4,700 local suppliers across eight Latin American countries and 570 communities, including rural and Indigenous communities.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

The review was completed in accordance with FinDev Canada's Environmental and Social (E&S) Risk Policy. The transaction is rated Category FI-2 given the nature and size of the portfolio with a proposed pipeline of medium to medium-high risk sectors, which could be exposed to adverse environmental and social (E&S) risks that are generally few in number, typically project and site-specific that may trigger several IFC Performance Standards, generally reversible, and readily addressed through mitigation measures. The indicative pipeline includes businesses in the circular economy, climate tech, ag-tech, regenerative agriculture, sustainable aquaculture, alternative proteins and resource optimization, with E&S risks that are sector and company-specific and include labour rights and working conditions (i.e., child and forced labour, gender-based violence and harassment), occupational and community health & safety, pollution prevention and resource efficiency, supply chain risk management, as well as natural resources management and biodiversity.

FinDev Canada's E&S risk due diligence was undertaken between August 2023 and January 2024, and consisted of track record searches, direct engagement with the client's representatives and E&S personnel, and a review of E&S documentation.

²Gender Smart. 2021. [A Guide to Investing in First-time Women and Diverse Fund Managers](#).

³International Finance Corporation. 2019. [Moving Toward Gender Balance in Private Equity and Venture Capital](#).

E&S risks are mitigated by the Fund's Environmental and Social Management System (ESMS), guidelines, criteria for investment and associated procedures, which follow the requirements of the applicable IFC Performance Standards (IFC PS). The FinDev Canada E&S Risk Management Team is of the opinion that adverse environmental and social risks associated with the Fund's investment portfolio will be mitigated in a manner that aligns with the FinDev Canada Environmental and Social (E&S) Risk Policy and the IFC PS and relevant International Standards. Gaps have been captured in an Environmental and Social Action Plan (E&S Action Plan).

The following IFC PS were applied in FinDev Canada's assessment, in addition to host country requirements and the IFC Interpretation Note on Financial Intermediaries:

- IFC PS 1: Assessment and Management of Environmental and Social Risks and Impacts; and
- IFC PS 2: Labor and Working Conditions.

For further information on EcoE's approach and commitments, visit <https://ecoenterprisesfund.com/impact/>.