

BLUE LIKE AN ORANGE
Sustainable Capital

Blue like an Orange
Sustainable Capital
Impact and sustainability report
2022





FOREWORD

Six years after its creation, Blue like an Orange remains true to its initial vision to contribute to inclusive and sustainable development, by pursuing business opportunities that deliver both strong social impact and market-based risk-adjusted returns in emerging markets. The drastic changes in the environment we experienced over the period did not change our vision. Our approach, on the other hand, has continued to evolve and mature, particularly in the way we measure, assess, and discuss impact thoroughly, internally and with our stakeholders.

The year 2022 was our first year as a declared Article 9 fund under SFDR. This classification reinforced our willingness to demonstrate leadership on social impact, not only through our own practices, but also by playing a role in the normalization of impact matters in developing countries. In 2022, we also took a step back to look beyond processes and define specific policies, notably on Human Rights. Through the eight transactions closed over the year, we have confirmed our focus as a social impact fund, while strengthening our consideration of climate and biodiversity factors and risks. Some new portfolio companies, such as *Clinicas del Azúcar* which provides diabetes management and preventive care to low-income patients in Mexico relying on advanced technologies, are emblematic of the impact we seek to have through our investments. Others, such as *Solinftec*, an AgTech company in Brazil enhancing agricultural productivity and sustainability, reflect our ambition to contribute to both social and environmental aspects through our transactions.

The past year's global economic conditions also came with new challenges. Most of our portfolio companies have proved resilient in the face of COVID-19 and tightening market conditions. Some, however, have most recently encountered difficulties, asking us for more personalized support. More generally, our investee compa-

nies have expressed a strong desire for closer collaboration and are requiring extensive support on sustainability issues. This new generation of entrepreneurs across all sectors reinforces our objective, as an investor, to provide financial value while achieving social impact at scale. As we move forward, the business cases we encounter enrich our investment strategy, both on the commercial and impact sides.

As we strive to become the leading social impact fund in emerging markets, and thanks to the experience and maturity we have acquired, we are contemplating the geographical expansion of our investment activities, in Africa in 2023 and through a global emerging market fund by 2025. Investing with impact in emerging markets adds a layer of complexity and much work remains to drive more financial flows to these markets. Ongoing international discussions, and in particular the upcoming Summit for a New Financial Pact in which Blue like an Orange is involved at a high level, bode well for filling the need for sustainable investing in emerging markets.

In a context that becomes more complex every day, it is crucial that we hold to our initial purpose, maintaining strong financial and impact discipline to navigate turbulence.

Bertrand Badré, Emmanuelle Yannakis and Rashad Kaldany, Managing partners and founders of Blue like an Orange

KEY FIGURES

Between 2018 and 2022, Blue like an Orange Sustainable Capital Fund SICAV SIF SCS (“the Fund”) has worked with over **30 investors** and raised more than **360 million dollars** across its two sub-funds.

In 2022, the Fund portfolio companies **served close to 8 million individuals and 30 000 small businesses across Latin America.**

CROSS-SECTOR IMPACT DATA	<p>15 789 employees working in decent conditions</p>	<p>46% of all employees and 46% of managers are female</p>	<p>32% of our portfolio companies developed new innovative products and services, 47% improved existing ones</p>	<p>100% of our portfolio companies have integrated sustainability into business practices 4 years after our investment</p>	Impact of our portfolio companies
	SECTOR-SPECIFIC IMPACT DATA	Financial institution	Agriculture	Social services	
	<p>3 929 648 individuals and 15 333 SMEs provided with access to finance</p>	<p>Economic prospects improved for 1 549 agricultural employees and 444 small scale producers</p>	<p>69 899 patients provided with access to Healthcare</p> <p>8 065 students accessing quality and affordable education</p>	<p>2 039 352 individuals and 13 384 SME’s accessing clean energy and sustainable mobility services</p>	Impact reasonably associated with our investments ¹
	<p>+43% additional individuals and +36% SMEs benefiting from financial services every year (vs. +4,1% and +6,1% needed to achieve the SDGs by 2030)</p>	<p>+16% small scale agricultural producers and +40% agricultural employees every year (vs. +5% and +1% needed to achieve the SDGs by 2030)</p>	<p>+76% patients with access to healthcare every year (vs. +1.3% needed to achieve the SDGs by 2030)</p>		

¹GIIN methodology for assessing and measuring impact – annualized “pace of the change” since investment date, considering the proportionality of investment size to investee size, compared to the annualized “pace of the change” required to achieve the SDGs by 2030 (source: GIIN IRIS+ impact performance benchmarks)

OUR PORTFOLIO OPERATIONS IN 2022



Country: Mexico

Impact theme: Social infrastructure – Access to Healthcare

Activity: Diagnosis and prevention services

How it contributes to the SDGs:

- **Addressing Diabetes, a non-communicable disease with high prevalence rates:** In 2019, Mexico ranked 6th out of the top 10 countries with the most adults with diabetes on an absolute basis. In the country, Diabetes is the 2nd cause of death and is expected to affect nearly twice more people than today by 2030.
- **Avoiding important medical costs to the low- and middle-income populations:** Low and middle-income people are the most affected by diabetes. Diabetes management and prevention avoids severe and costly complications, in a country where only 8% of the population is covered by private insurance.

Expected contribution as investor: By supporting Clínicas del Azúcar's growth strategy across Mexico, the financing aims at increasing access to affordable diabetes management and preventive care for patients either diagnosed or at-risk of developing diabetes.



Country: Brazil, Argentina, Chile, Colombia

Impact theme: Sustainable infrastructure

Activity: Micromobility

How it contributes to the SDGs:

- **Developing sustainable mobility in urban areas:** The largest bike sharing system in Latin America addresses the needs for affordable and clean transportation alternatives of a broad set of urban users.
- **Fostering healthier habits:** According to medical research, as a form of aerobic exercise, cycling helps to burn calories (~300 calories per hour), lowers blood pressure, increases the level of good cholesterol, and has also been shown to reduce the risk of developing diabetes by 40%.
- **Improving delivery couriers' working conditions:** Through its partnership with iFood, Tembici improves the working conditions of delivery couriers by providing access to rest stops, and online training content on safety and road awareness.

Expected contribution as investor: By supporting Tembici's growth, the financing aims at developing bike sharing systems in new cities and countries in Latin America.



Country: Brazil, other Latin American countries and North America

Impact theme: Sustainable Agriculture and Farmers' Economic Prospects

Activity: Agriculture Technology (AgTech)

How it contributes to the SDGs:

- **Sustainable Land Management:** Solinftec's innovative technological solutions allow farmers to optimize spraying, fertilizing, harvesting, and planting, significantly reducing the use of chemical products and fuel while increasing crop yield.
- **Mitigating Climate Change:** Through the efficient use of resources, including fossil fuels and chemicals, Solinftec's solutions reduce GHG emissions and environmental impact of agribusiness.

Expected contribution as investor: By supporting the expansion of Solinftec's innovative technology Brazil, the financing aims to expand efficient and sustainable farming in the region.



Country: Peru

Impact theme: Access to Finance

Activity: Microfinance

How it contributes to the SDGs:

- **Poverty reduction:** Acceso Crediticio contributes to the reduction of poverty by creating economic opportunities for unemployed people from low-income and migrant communities.
- **Providing access to low-cost and productive credit:** People willing to become drivers on a mobility platform are granted with loans to purchase their own vehicle, which are converted from gasoline-powered engines to natural gas-powered engines to generate cost savings and additional income for the drivers.

Expected contribution as investor: The financing in the natural gas vehicles loan portfolio of Acceso Crediticio aims at broadening the economic opportunities available for low-income and migrant communities.

OUR PORTFOLIO OPERATIONS IN 2022



Country: Mexico

Impact theme: Access to Finance

Activity: Financial services and microfinance

How it contributes to the SDGs:

- **Financial inclusion and gender equality:** Financiera Contigo contributes to financial inclusion by providing credits to entrepreneurs from the base of the pyramid in Mexico, and especially to women.
- **Formalization of the informal economy:** By giving access to formal financing to informal businesses, and especially to women entrepreneurs, Contigo helps formalizing the Mexican economy.

Expected contribution as investor: The investment in Financiera Contigo aims at increasing the number of women entrepreneurs benefitting from credits.



Country: Colombia, Brazil

Impact theme: Technology Enabled Services

Activity: Innovative model of “cloud-restaurant”

How it contributes to the SDGs:

- **Access to safe, nutritious, and accessible food:** The company provides healthy food to the lower middle class at a significantly lower price than the market, thanks to its innovative business model.
- **Significant reduction of food waste:** RobinFood uses technology to minimize waste generation, by using proprietary algorithms to optimize raw material efficiencies and reduce faulty dishes.

Expected contribution as investor: By financing the expansion of RobinFood into Mexico and Brazil as well as the consolidation of their operations in Colombia, the financing aims to widespread healthy food consumption for any household budget.



Country: Colombia, Mexico, Brazil

Impact theme: Technology Enabled Services

Activity: Food marketplace

How it contributes to the SDGs:

- **Access to affordable food:** Merqueo targets low- and medium-income families.
- **Market linkages for SMEs, including farmers:** The Company’s suppliers are given the opportunity to sell their products online under their own brand and to develop thanks to the digital channel.

Expected contribution as investor: The financing of the international development of Merqueo aims to enhance the purchasing power of low- and medium-income families and contribute to the digitalization of SMEs and farmers.



Country: Brazil

Impact theme: Healthcare - Pharmaceuticals

Activity: Pharmacy chain

How it contributes to the SDGs:

- **Access to affordable and quality medicines:** The company serves the middle to lower-income population, who mostly depend on the public health system, with important out-of-the-pocket health expenditures.
- **Holistic approach to health:** The company promotes healthcare awareness and preventive care.

Expected contribution as investor: The financing of the expansion of InvestFarma in Brazil aims at expanding health access and prevention to remote areas.

Attention point: Impact risks linked to the financial distress of portfolio companies

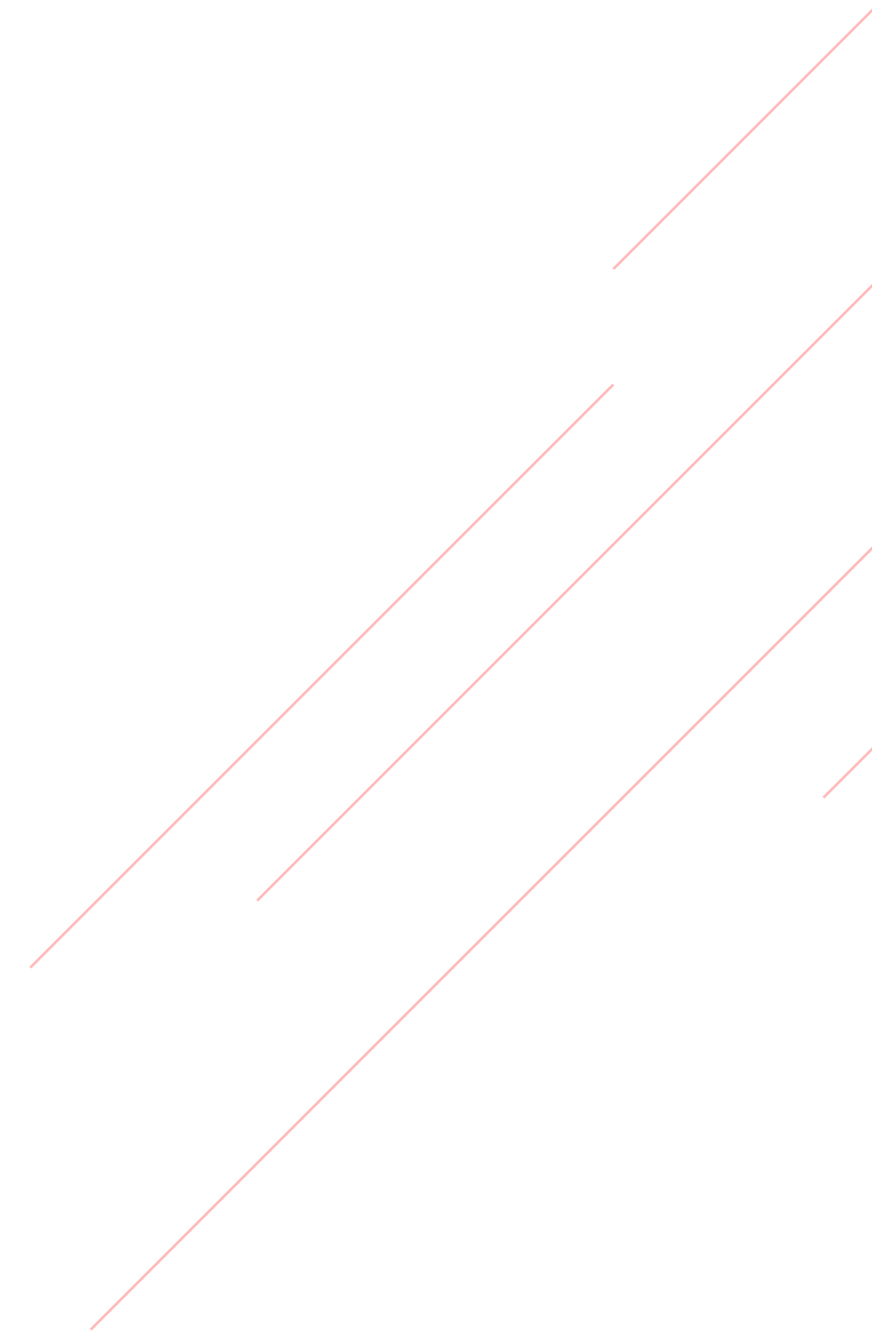
End 2022, due to liquidity constraints, Merqueo was compelled to close its operation in Mexico and reduce its operations in Brazil.

End 2022, the tightened liquidity environment in Brazil impacted InvestFarma’s ability to operate.



SUMMARY

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PART I
WHO WE ARE

OUR VISION & PURPOSE

Our vision: To achieve the Sustainable Development Goals, private funds need to be mobilized and directed towards emerging markets

Blue like an Orange Sustainable Capital (“Blue like an Orange”) was founded right after the global momentum of 2015, when the international community adopted an ambitious development agenda with the United Nations Sustainable Development Goals (SDGs) and endorsed the common aim of reaching a net-zero economy by the middle of the 21st century with the Paris Agreement (COP 21).

The same year, major multilateral development banks highlighted the role of the private sector to scale up the amounts of investments dedicated to sustainable development. The reference report “from billions to trillions”, led by one of the cofounders of Blue like an Orange, highlighted the need to move forward from traditional “development finance” and to “catalyze, mobilize and crowd in both public and private sources of funds for development”. The “Financing for Development” Conference in Addis Ababa endorsed this new global framework for financing sustainable development and adopted concrete measures that “draw upon all sources of finance, technology, innovation, trade and data in order to support mobilization of the means for a global transformation to sustainable development and achievement of the SDGs”.

Blue like an Orange was founded with the vision that, to achieve the UN Sustainable Development Goals, private investments should be mobilized towards entrepreneurs in emerging markets.

Our purpose: to make sustainable investing the new normal

Being an advocate of the “no trade-off” principle, which gives equal importance to financial returns and sustainable development outcomes, Blue like an Orange makes sustainable investing “investable” for mainstream investors.

As investors, Blue like an Orange believes that proactive orientation towards a social purpose in every investment will both support inclusive growth and enhance the performance of the portfolio. Managing social, economic, and environmental impact is an important risk mitigation strategy for the success of the Fund’s investments.

We thus seek to invest in a diversified set of emerging market companies that deliver both strong risk-adjusted returns and social impact in direct support of the Sustainable Development Goals (SDGs).

Through the development of our fundraising and financing activities, and by making sustainable investing in emerging countries a central topic on the agendas of commercial private investors and international decision-makers, Blue like an Orange aims at filling the need for SDG-focused investing in developing economies where capital is needed the most.

Our purpose was only strengthened over the past years given the complex and challenging economic and geopolitical environment, impacted subsequently by the COVID-19 pandemic and Russia’s war on Ukraine, as the global sustainability challenges have persisted or even worsened and the expectations towards the private sector in solving these remain equally important.

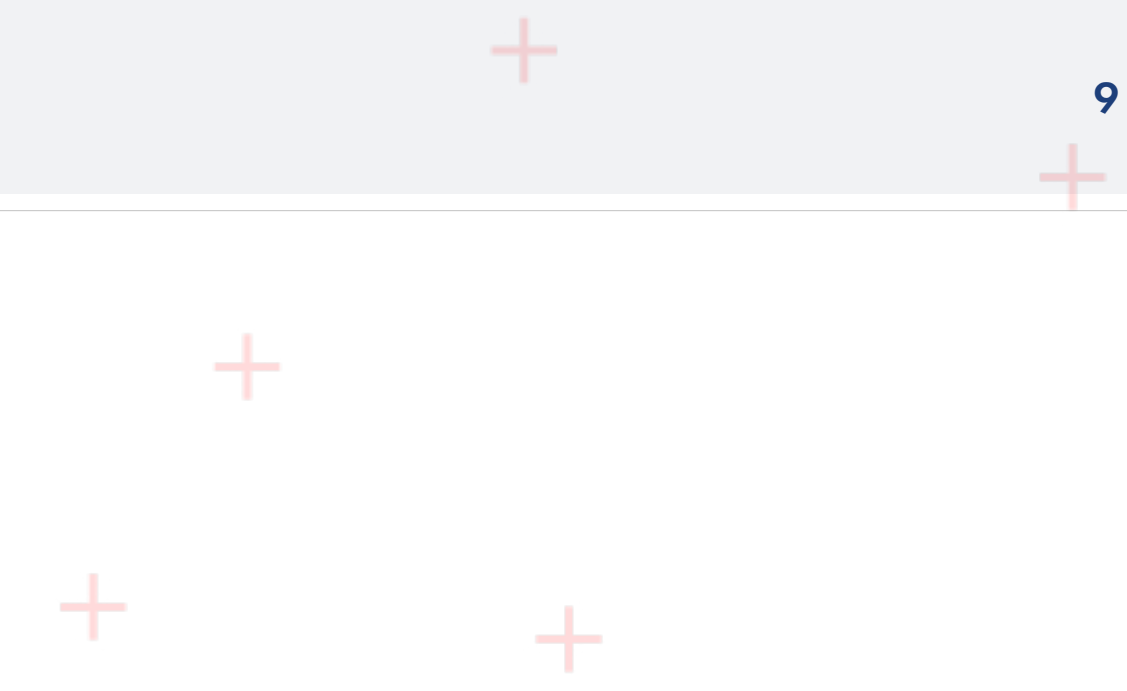
OUR INVESTMENT STRATEGY

A focus on structured credit: a flexible financing to support entrepreneurs

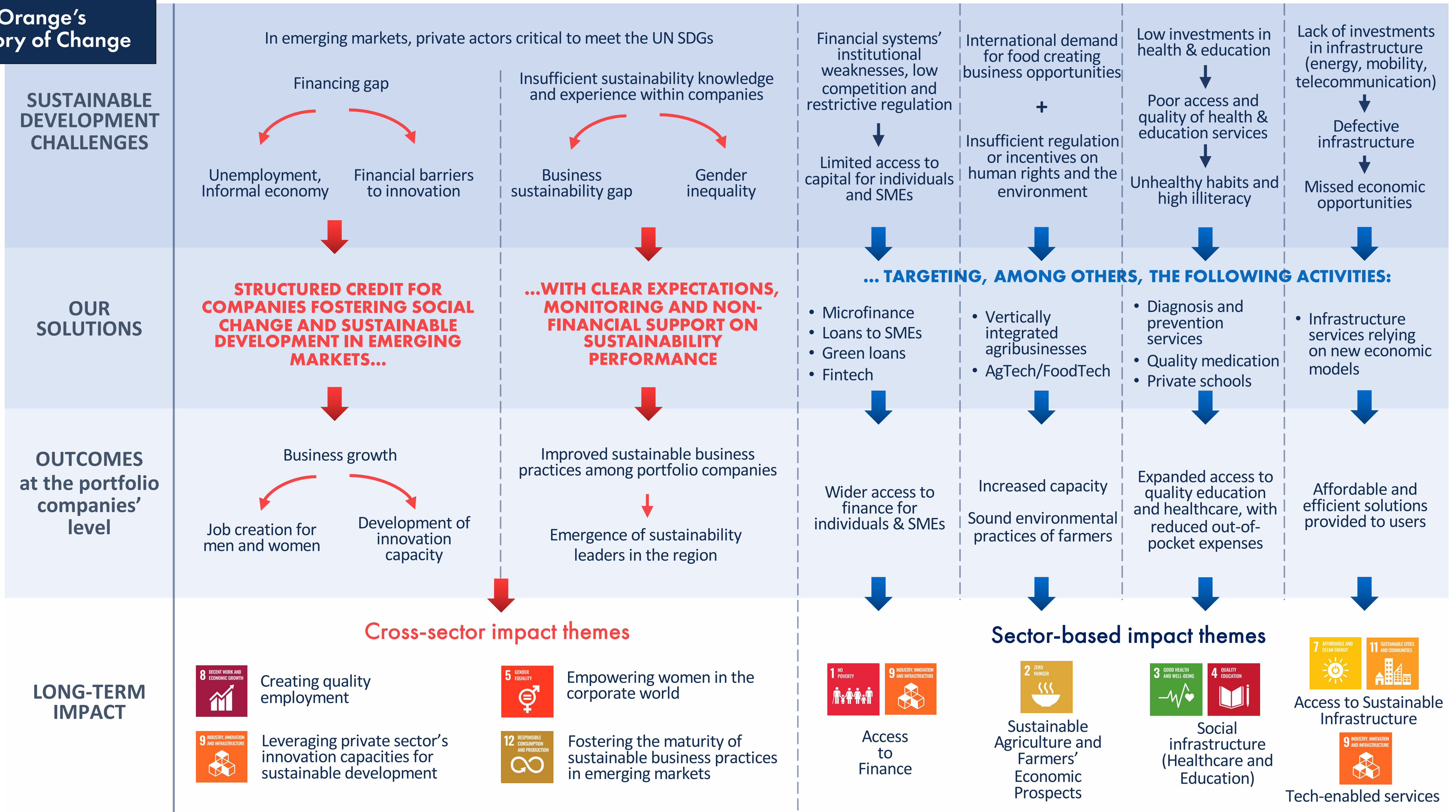
By focusing on structured credit, Blue like an Orange fills a financing gap for entrepreneurs in emerging markets - in Latin America and the Caribbean, in particular. Indeed, structured credit supports the expansion of companies without significant change in ownership or control. It is an alternative source of financing that aligns interest among stakeholders, allows for tailored transactions and strengthens the incentives for entrepreneurs to build and grow their businesses.

A combination of impact themes to foster social changes in emerging markets

Blue like an Orange's investment strategy aims at inducing positive changes on selected cross-sector impact themes, that we consider a baseline for any company to positively affect sustainable development in emerging countries regardless of the sector, country or size of the investment, and sector-based impact themes, in which investments can have a significant contribution, given the sectorial strategy of the Fund.



**Blue like an Orange's
general Theory of Change**



A positioning confirmed by the European regulation on sustainable finance

At the end of December 2022, 100% of the investments were sustainable investments with a social objective according to the European Sustainable Finance Disclosure Regulation².

Blue like an Orange's investment policy and processes were already aligned with the spirit of the regulation, as they clearly stated the social objectives of the investments and the need to avoid any significant harm besides positive impacts.

The policy on integration of sustainability risks and adverse impacts has been updated pursuant to the regulation and is available on Blue like an Orange's website. The Sub-Funds' periodic reporting has been enhanced to meet the new regulatory requirements. As part of its due diligence policy on principal adverse sustainability impacts, a statement of principal adverse sustainability impacts was produced for the first time with reference to the period covering calendar 2022.



² REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector

OUR ORGANISATION AND GOVERNANCE

Blue like an Orange has designed a comprehensive organization and governance for sustainability that involves the different teams and governance bodies of the Fund.

A strong collaboration between the financial and sustainability teams through a unique investment process

Blue like an Orange impact and sustainability policy relies on the cooperation between the investment and sustainability teams during the whole investment process, from screening to monitoring. Commercial and sustainability aspects are fully integrated in the impact thesis and the “SDG Blue” scoring. The due diligence, performed internally and by external hired third parties, is carried out jointly.

This integration guarantees the “no trade-off” principle. It is facilitated by the fact that most of the investment team members can draw on their experience of working for Development Finance Institutions, at the World Bank and the International Finance Corporation, and in the cooperative banking sector.

The sustainability voice represented in the Investment Committee (IC)

Blue like an Orange’s Head of Sustainability is a member of the IC. All IC members express their views on the impact and sustainability case, which are included in the Investment Committee memo prepared jointly by the investment team and the sustainability team.



Members

- Rashad Kaldany, Managing Partner, CIO, Chairman
- Bertrand Badré, Managing Partner
- Emmanuelle Yannakis, Managing Partner, COO and Head of Sustainability
- Cristina Penteado, Managing Director
- Mauricio Orellana, Managing Director

An independent Sustainability and ESG advisory committee

Blue like an Orange’s Sustainability and ESG advisory committee acts as an independent sounding board on the impact and sustainability approach. It advises on the sustainability-related policies and provides recommendations to continuously improve our practices. It meets at the request of the Managing Partners to provide its views and guidance related to the impact and sustainability case of the investment opportunity and for potential issues that arise during portfolio management.

In 2022, the Sustainability and ESG advisory committee was enlarged and made even more diverse. The committee met on November 24th 2022.



Members

- Robert Calcagno - CEO of the Monaco Oceanographic Institute
- Sir Ronald Cohen - Chair of Global Steering Group for Impact Investment
- Florence Didier-Noaro - Founder and CEO of Innwise
- Emme Essien Lore - Senior Advisor and Independent Consultant
- Anita Marangoly George - Founder & Partner of Edhina Capital Advisors LLP
- Sabine Lochmann - Executive Director (American and French companies) and Leader of business transformation projects, with an emphasis on innovation and social and digital challenges.
- Ana Laura Magalhães - Co-Founder of Humana.org.br
- Muriel Pénicaud - Independent Director, Chair of the Sakura Fund, Former French Minister of Labour
- Brune Poirson - Chief Sustainability Officer of Accor
- Bruno Roche - Founder & Executive Director of Economics of Mutuality, Geneva, CH
- Ambassador (ret.) John Simon - Managing Partner of Total Impact Capital
- Jean-Marc Jancovici - Founding Partner of Carbone 4 and President of The Shift project

OUR COMMITMENTS AND PARTNERSHIPS

An involvement in the world's leading sustainable and impact finance initiatives

By actively engaging in national and international initiatives, Blue like an Orange contributes to the dialogue and improvement of market practices around sustainable development financing.



Operating Principles for Impact Management

Operating Principles for Impact Management

As a founding adopter of the Operating Principles for Impact Management, Blue like an Orange has participated actively in several working groups since their initiation in 2019, contributing to the continuous improvement.

We publish an annual Disclosure Statement in line with the Principles, which is verified externally.



Global Impact Investing Network (GIIN)

As a member of the Global Impact Investing Network³ (GIIN), Blue like an Orange applies the IRIS+ framework on impact assessment and measurement, takes part to the development of a benchmark and joined a working group on reporting for impact investors.



Principles for Responsible Investing (PRI)

Since April 2019, Blue like an Orange, through its entity Blue like an Orange Capital US LLC, is a signatory to the United Nations-supported Principles for Responsible Investment (PRI)⁴. Blue like an Orange implements the set of voluntary principles for integrating ESG factors into investment analysis and ownership practices prescribed by the PRI and reports annually to the PRI on this matter with a view to improving its practices.



Institut de la Finance Durable

Blue like an Orange takes part in the Paris Financial Centre Task force dedicated to impact finance. It contributed to developing an Assessment Grid of a fund's potential contribution to sustainability transformation and is signatory of the Investor Impact Charter.



Task Force on Climate-Related Financial Disclosures (TCFD)

Blue like an Orange supports the Task Force on Climate-Related Financial Disclosures (TCFD).



Taskforce on Nature-related Financial Disclosures (TNFD)

Blue like an Orange joined the forum of the Taskforce on Nature-related Financial Disclosures (TNFD).

³ <https://thegiin.org/current-members>

⁴ <https://www.unpri.org/>

A relationship with Development Finance Institutions (DFIs)

Development Finance Institutions (DFIs) have unique knowledge and resources to thoroughly source and carry in-depth investment reviews. By working with DFIs, Blue like an Orange can conduct a more cost-effective due diligence process on potential investments, have preferred access to deal flow, assess development impact using high and market leading standards, and gain better access to data on social and financial performance.



In its first DFI relationship, focused on Latin America, Blue like an Orange is working with the Inter-American Development Bank (IDB) Group's private sector institution, IDB Invest. IDB Invest is the only multilateral organization devoted solely to the development of Latin America and the Caribbean through the private sector. IDB Invest finances sustainable companies and projects to achieve financial results and maximize economic, social and environmental development in the region.

A co-financing framework agreement was signed with IDB Invest in June 2018, and renewed in January 2022.

OUR THOUGHT LEADERSHIP ACTIVITIES

Blue like an Orange aims to play a central role in the European and global debates relating to financing sustainable development in emerging markets and mainstreaming, on a large-scale basis, the “no trade-off” principle between financial returns and impact.

Raising awareness within the financial community

Blue like an Orange promotes responsible and impact investing within the financial community. As more firms move in this direction, notably pushed by the regulators, we have a role to ensure it develops in a sensible and effective way. The founding partners dedicate some of their time to share their expertise and knowledge of impact investing and sustainability.

Bertrand Badré is a regular keynote speaker on impact, sustainable and responsible investment for financial institutions. In 2022, he was invited by TEDx conferences for a talk on “Responsible finance for a sustainable and inclusive world”.



https://www.ted.com/talks/bertrand_badre_une_finance_responsable_au_service_d_un_monde_durable_et_inclusif

Contributing to create momentum on global sustainability issues

Blue like an Orange took part to the **One Ocean Summit** held in Brest in February 2022, organized in the context of the French Presidency of the Council of the European Union and with the support of the United Nations. It contributed to key reflections on how to speed up the collective construction of financial tools for sustainable management of the Ocean in order to preserve the vital services provided by the Ocean, and in the face of the increasing damage it is suffering (climate change, pollution, particularly from plastic, overexploitation of marine resources, etc.).

Blue like an Orange is also actively involved in the **Summit for a New Global Financing Pact: towards more commitments to meet the 2030 agenda?** which will be hosted by France in June 2023 with the objective to build a new contract between the countries of the North and the South to address climate change and the global crisis.

Advocating the role of the financial sector in saving the world

Bertrand Badré is a regular contributor for *Project Syndicate*, an international media organization that publishes and syndicates commentary and analysis on a variety of global topics, from economic policy and strategies for growth worldwide to human rights, and the environment.

Bertrand Badré is the author of two books, *Can Finance Save the World?* translated into multiple languages, and *Voulons-nous (sérieusement) changer le monde?* in which he gives his vision about rethinking the world and finance by reorienting the economic system towards building a more just and sustainable world. In 2022, Bertrand Badré contributed to several collective publications

including *L'important c'est le CO2* (Débats Publics Editions, 2022, M. Trabbia), and *Le Leader du XXIe Siècle* (Cent Mille Milliards, 2023, C. Fumard), and more.

Showing the way for more impact investments

Through its participation in the Sustainable Investment in Action (SIA) awards, Blue like an Orange contributes to exchange field experience and inspire new impact initiatives.

In 2022, one of the portfolio companies, MOVII, won an award in the “social integration” category, and Placi was a finalist on the “health” category.



HOW WE WALK OUR TALK

A diverse team of professionals located across the world.



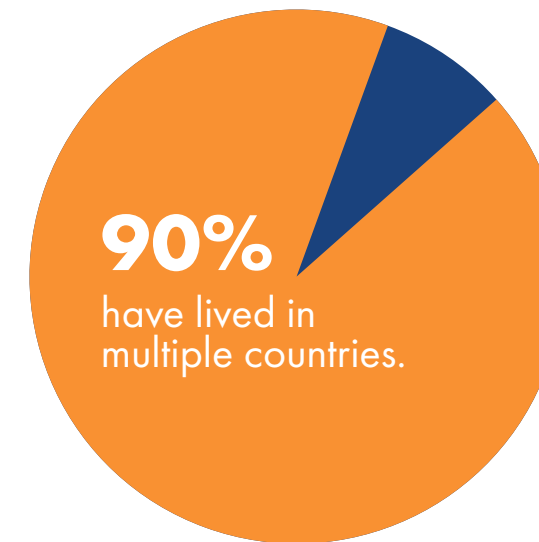
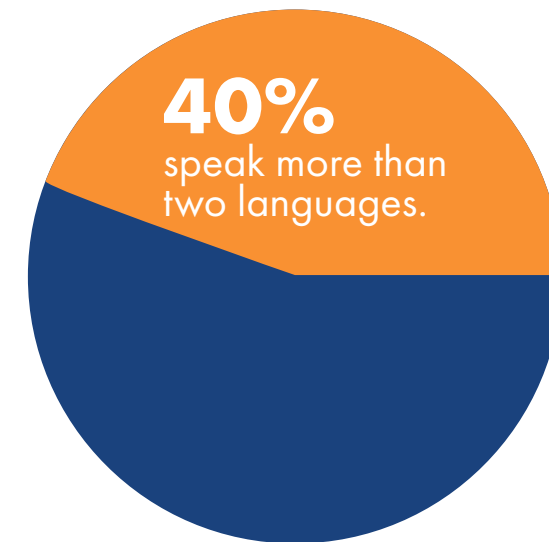
“It is really important for me to have found a career and colleagues aligned with my values. I love promoting businesses with a social and sustainable vision, especially in emerging markets.”

Laura Formosa, Analyst

Blue like an Orange has a team of 21 professionals with diverse backgrounds and experiences, located in Luxembourg, Madrid, Mexico, Paris, Sao Paulo and Washington.



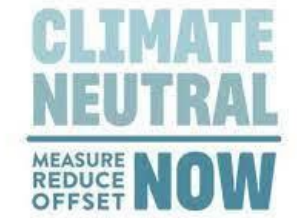
Our multicultural team is devoted to creating positive impact in the world and shares a passion for financing sustainable development in emerging markets.



To walk the talk, we publish in this report the sustainability indicators related to our own operations:

Blue like an Orange	2022
Number of staff	21
Share of female staff	57%
Share of women in leadership team and in investment committee	40%
Share of women in the investment team	42%
Share of female board members	33%
Emissions created – scope 1 and 2	140 tCO ₂
Emissions offset	140 tCO ₂

Climate Neutral Now: A small-scale voluntary contribution, aligned with our values




Since 2019, Blue like an Orange has been a signatory of Climate Neutral Now, an initiative from the United Nations Framework Convention on Climate Change to encourage any business to act voluntarily against global warming.

Through this initiative Blue like an Orange measures and offsets all scope 1 and 2 emissions related to its offices and to the professional travels of the team.

For the offsetting, and given the small size of our operations, the team chose to purchase every year Certified Emission Reductions (CERs) from **a project run by RIPPLE Africa in Malawi**, which combines environmental, economic and health benefits and has a material small-scale impact at local level. By replacing traditional three-stone cooking fires with fuel-efficient stoves, deforestation due to wood logging is avoided, women can spend more time for education and other activities, and health problems, such as lung cancer and pneumonia in children, are prevented.

The carbon credits issued by RIPPLE enable to expand the project, but also support other activities such as fish conservation, tree planting, forest conservation, education and healthcare services in this area.



PART II

DRIVING IMPACT THROUGH OUR ENGAGEMENT WITH PORTFOLIO COMPANIES

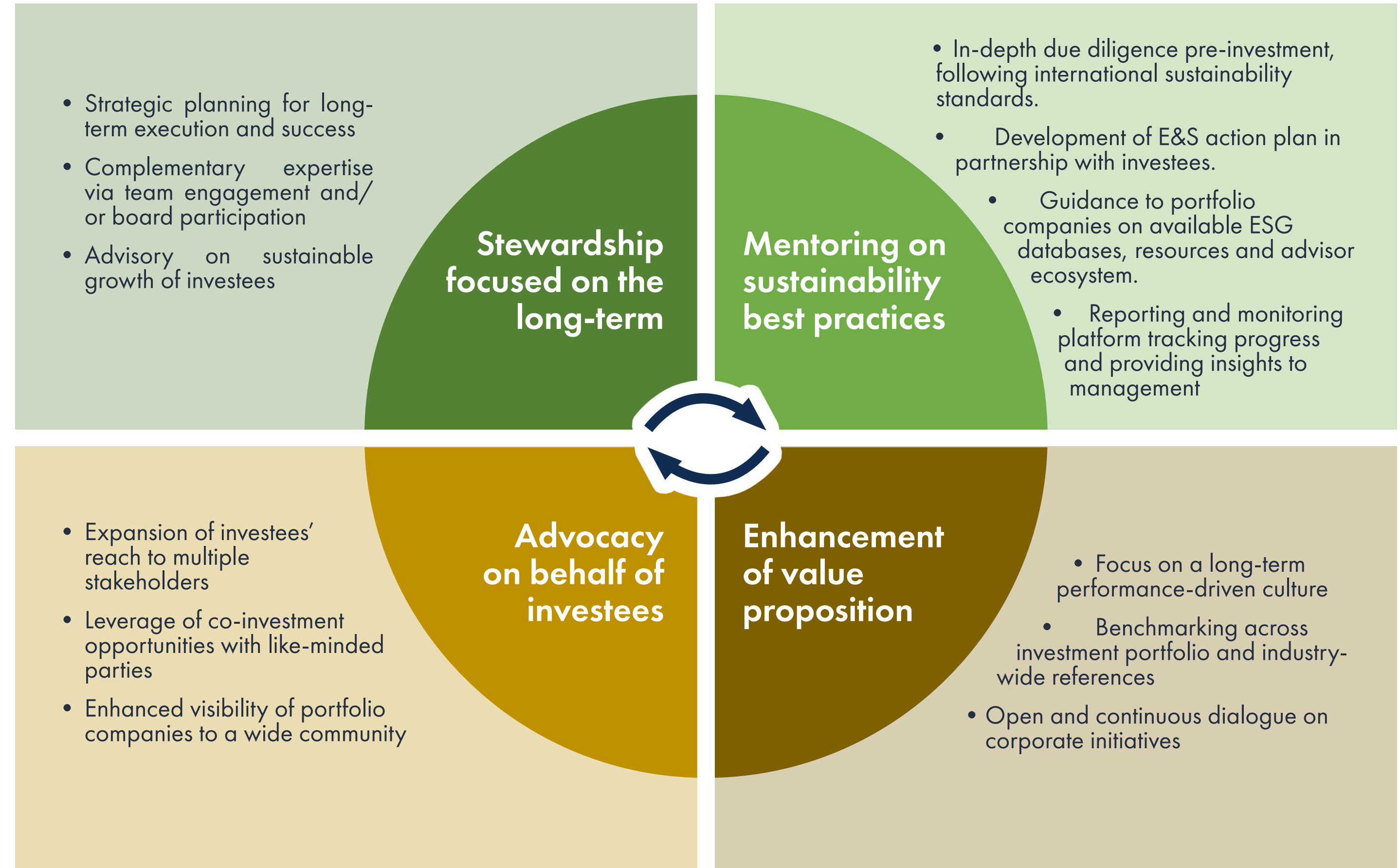
Production line workers at an asparagus processing plant, Chavín de Huantar, Peru

OUR IMPACT LEVERS WITH PORTFOLIO COMPANIES

Blue like an Orange engages with companies during the whole period of investment to ensure alignment between the Fund’s sustainable transformation strategy and that of the companies’ expectations and help them reach their full impact potential over time.

Our active dialogue with the investees starts when the investment team initially engages with the company, continues through the investment process until transaction documents are agreed upon. Within these documents, an environmental and social action plan and reporting requirements are defined and formalized, which will be monitored throughout the life of the investment.

The Fund’s active dialogue with the investees is multi-fold and reinforces our impact additionality as investors.



Investee companies in which the Fund is represented at the board of directors	%
Fund designated as Board Member	11%
Fund designated as Board Observer	53%
Fund not represented at the Board	37%
TOTAL	100%

OUR ENGAGEMENT IN 2022

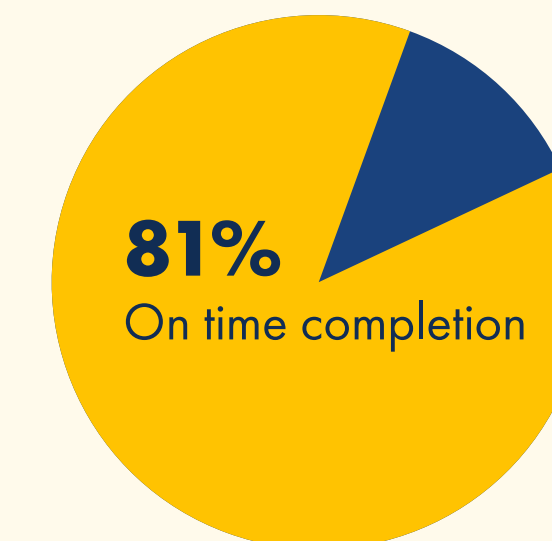
Main topics discussed with portfolio companies during the year 2022

Impact achievements	Impact challenges
<p>Healthcare</p> <ul style="list-style-type: none"> Reinforcement of quality processes <p>Access to finance</p> <ul style="list-style-type: none"> Constant technological developments Capacity building offered to SMEs Government subsidies distribution through mobile banking solutions Specificities of banking migrants <p>Sustainable agriculture</p> <ul style="list-style-type: none"> Resource efficiency projects Setting long-term purchasing agreements with small farmers <p>Sustainable infrastructure</p> <ul style="list-style-type: none"> Exponential growth of the solar farms' capacity First emission of renewable energy certificates First auction of micro mobility carbon credit in the World <p>Education</p> <ul style="list-style-type: none"> Increased access to quality education <p>Cross-sector</p> <ul style="list-style-type: none"> Readiness to publish first sustainability report 	<ul style="list-style-type: none"> Potential improvements in structuring the sustainability approach Difficulties in the business impacting sustainability indicators for some companies How to keep serving customers with low or middle income in a challenging macroeconomic environment How to manage restructuring responsibly Measures to remediate turnover Measures to prevent work accidents Solving the lack of Female diversity on the Board and executive committee and the persistency of the gender pay gap Strengthening the CSR monitoring of the suppliers Difficulties to hire employees with disabilities

Reach of the impact targets by portfolio companies in 2022⁵

	%
Above expectations	42%
As expected	32%
Below expectations, due to the business environment	26%
TOTAL	100%

Completion of the E&S action plans by portfolio companies in 2022



⁵ Impact targets expected to be reached over the investment period jointly agreed with the investee based on a business plan aligned with our financing.

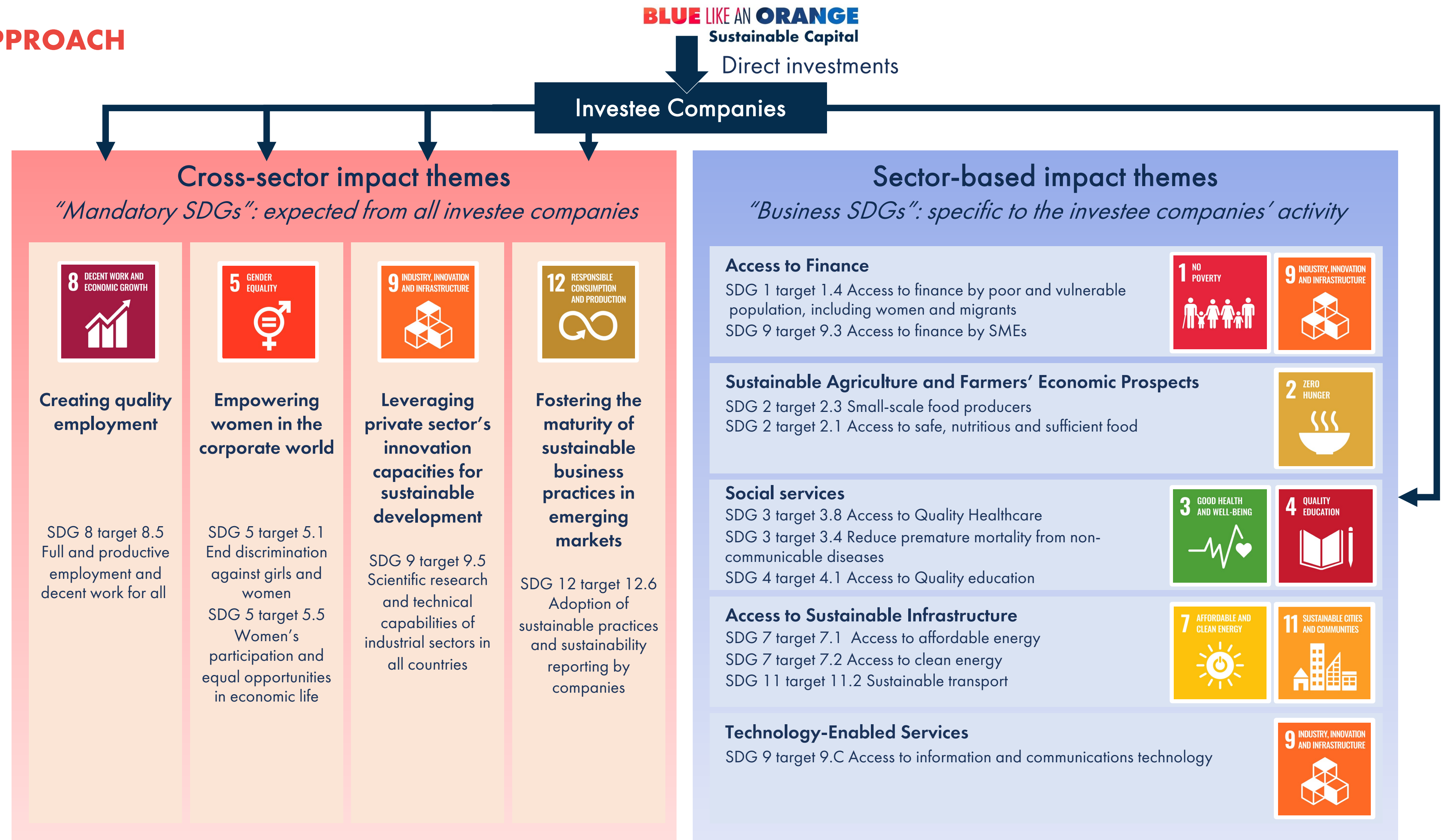


PART III
TARGETING POSITIVE IMPACT
OUTCOMES IN DIRECT SUPPORT
OF THE SDGs

Patient with diabetes receiving care, Clínicas del Azúcar, Mexico

OUR IMPACT INVESTOR APPROACH

Blue like an Orange’s impact investing strategy focuses on both sector-based and cross-sector social impact themes, through which businesses and entrepreneurs in emerging markets have the greatest potential to contribute to the SDGs.



The approach relies on the Operating Principles for Impact Management and is verified by an independent party each year based on these Principles.

ASSESSING THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH

When a deal is in the pipeline, the investment and the sustainability teams jointly lead an impact thesis analysis, to assess the contribution of the company’s activity to a positive environmental and/or social change, based on the IRIS+ framework established by the GIIN. If the impact thesis is confirmed, each opportunity’s impact is scored, using our proprietary methodology, SDG Blue. The approval of an investment by the Investment Committee is based on these qualitative and quantitative impact analyses.

An opportunity needs to score a minimum of 6.0, on a scale 0.0-10.0 to be considered for investment.

MONITORING THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT

We assess and measure the evolution of the impact of our portfolio companies annually, to identify opportunities for further contribution in the context of their business environment.

Impact and sustainability issues are integrated in the quarterly and annual portfolio monitoring, which includes a discussion on the company’s performance, based on qualitative and quantitative indicators, both agreed upon in the transaction agreements, as well as impact targets set for each of the impact themes related to the investment.

Overall, the portfolio companies maintain or even increase their SDG Blue score while in portfolio. The decreases are systematically discussed with the portfolio companies. The portfolio companies with a score below the investment threshold in 2022 are the ones in financial distress.



Our proprietary “SDG Blue” methodology to score impact in direct support of the SDGs

Blue like an Orange scores the impact of its investments through an internally developed scoring system, the “SDG Blue” that we make available in opensource⁶.

The tool works in a similar way to a credit rating score, taking weighted averages based on different categories and adding up points.

The impact of all transactions is rated against a set of selected SDG targets reflecting the cross-sector and sector-specific impact themes. Quantitative and qualitative indicators are defined and collected from the portfolio companies at the time of investment and then every year to feed the SDG Blue score.

MANAGING STRATEGIC IMPACT ON A PORTFOLIO BASIS AND ESTABLISHING THE FUND CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT

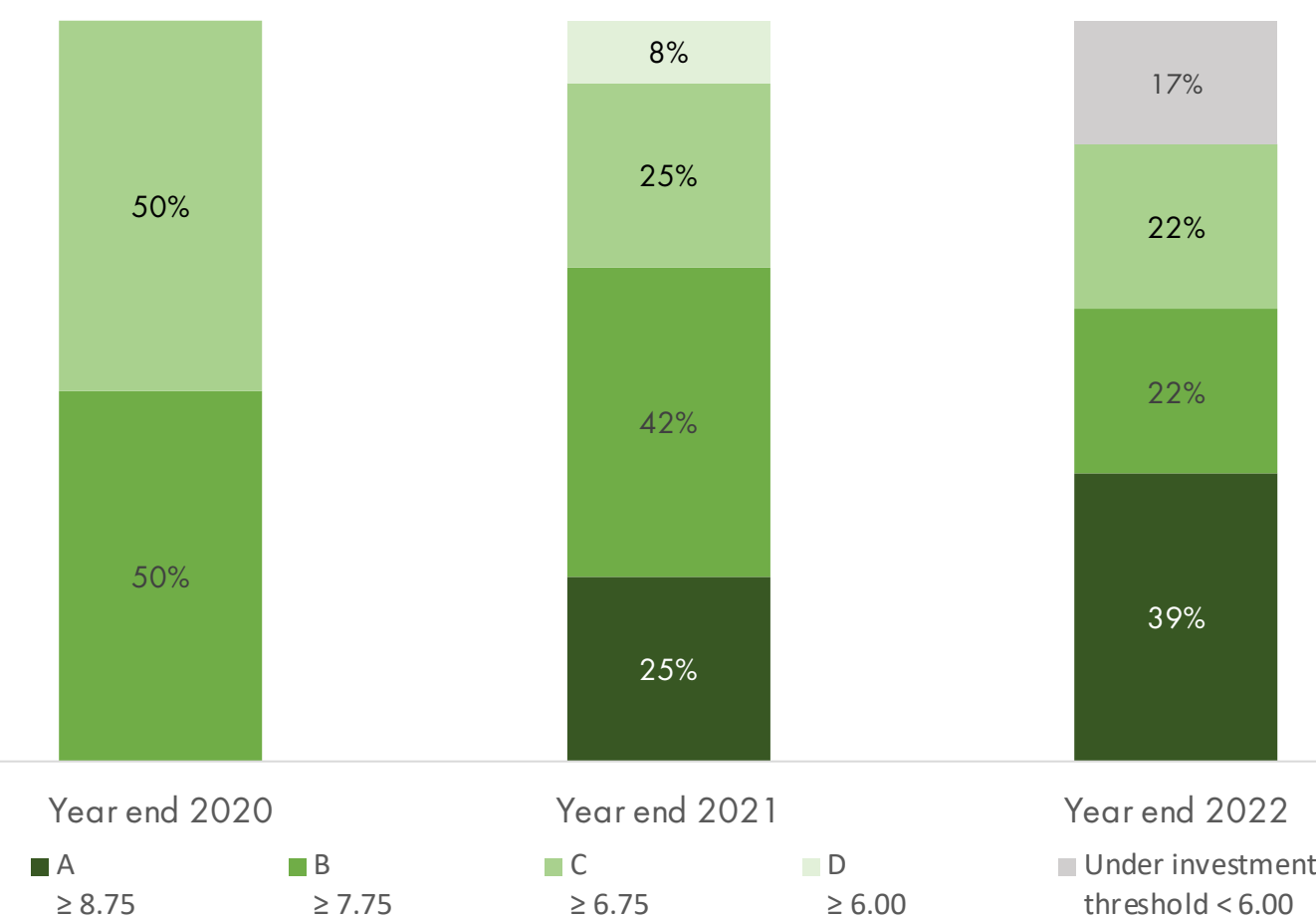
Blue like an Orange monitors and discloses the Fund’s progress based on the SDG Targets related to its impact themes on an annual basis.

Our impact scoring methodology has been upgraded to enable a more precise consolidation of the impact score at a portfolio level and better assess how the whole portfolio meets its strategic impact objectives over the investment period.

We embrace GIIN methodology for assessing and measuring impact. The normalized indicators on the scale of impact results and the pace of change enable us to contextualize our performance for each of our sector-based impact themes.

We are continuously making progress towards the adoption of best-practice methods to assess our investments’ additional contribution to the achievement of impact, by participating in reference working groups in the matter internationally.

Distribution of SDG Blue scores within the portfolio companies based on yearly impact monitoring data, excluding scores at the time of investment (% of companies)



⁶ For more detail, see website: <https://bluelikeanorangecapital.com/methodology>

OUR FOCUS ON CREATING QUALITY EMPLOYMENT



“In 2022, we doubled the number of employees. Blue Like an Orange financing and support arrived at the time the company needed it to develop its unique concept, and when access to funding was difficult. The investment team was able to listen and to envision the implementation of our rapid development plan. The quality of employment, in terms of remuneration, work schedule and work environment, was a key lever in our success.”

Hector Benavides Saucedo,
Founder and CEO of Alivia

Why is it important for us?

Giving access to quality and stable jobs to all is crucial to fostering emerging countries’ development. If unemployment figures are not always much higher in emerging economies than in developed ones, informal employment often represents most of the jobs, and wages earned by workers often do not enable them to make a living. Blue like an Orange aims at creating quality jobs in Latin America as an essential step towards the achievement of economic development and decent life for all.

The situation in 2022⁷

During 2022, economies in Latin America and the Caribbean (‘LAC’) kept on recovering. 2022 economic activity exceeded 2019 levels in the region as a whole and in most countries.

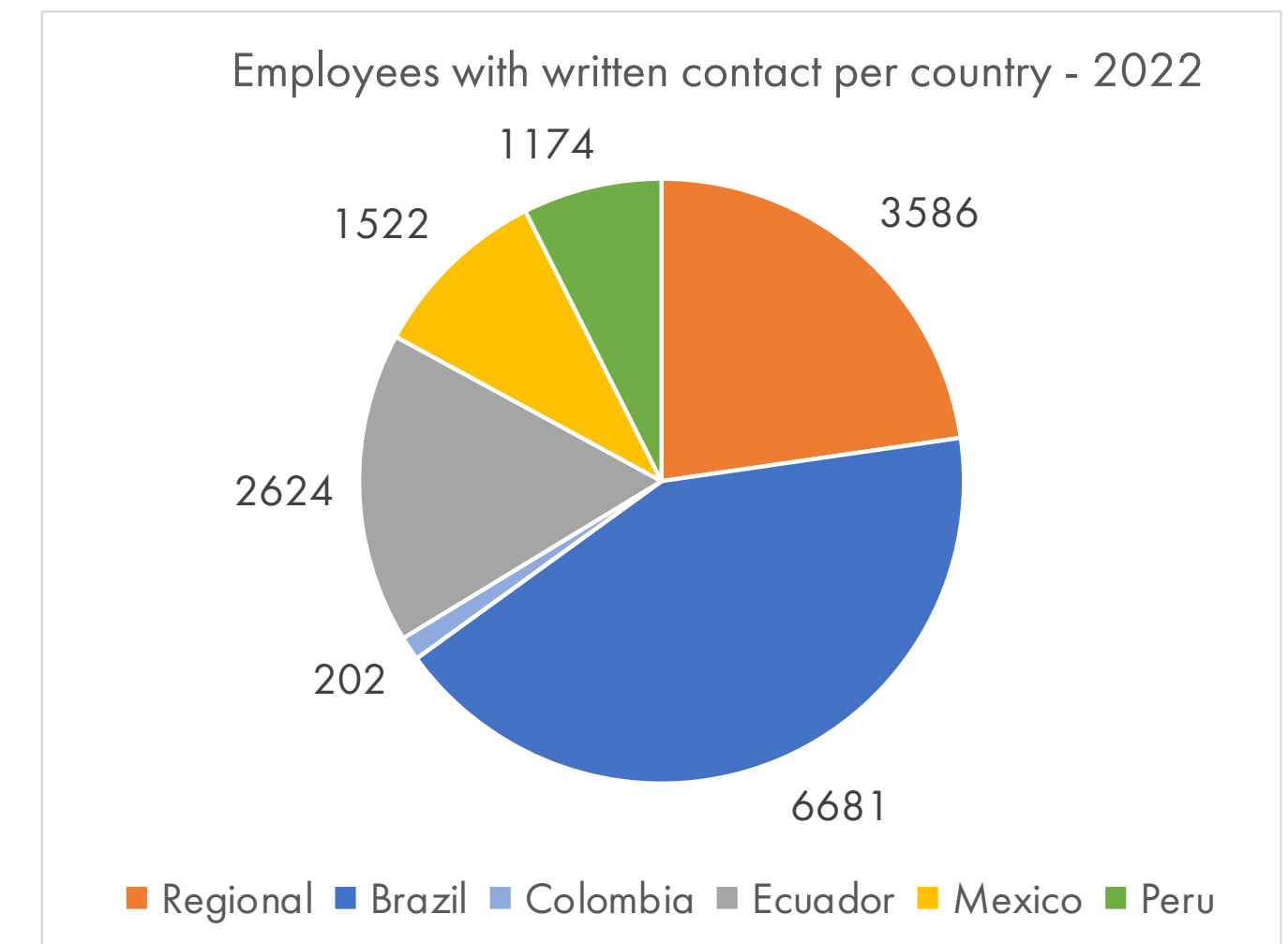
While the unemployment rate at the end of 2022 was like pre-crisis level, at 7.2%, some major issues persist. First, 50% of workers in the region belong to the informal economy, with an even higher rate among young people. Second, the phenomenon of “working poor” is rising, due to the prevalence of informal economy, as well as to inflation which, just like in the rest of the world, increased in 2022 in LAC. Finally, youth unemployment is high in the region, at 16%.

As a result of the lack of job creation and the share of labor precariousness, the proportion of self-employed reached 29% of total employment.

⁷Labor Overview 2022 for Latin America and the Caribbean, International Labor Organization, February 2023

Impact data across our portfolio companies

	unit	2022
Net job creation over the year	Nb	611
Percentage of employees trained	%	86%



OUR FOCUS ON EMPOWERING WOMEN IN THE CORPORATE WORLD



“ Usually, only men work in construction in Brazil, so our team saw the opportunity to foster the hiring of women with our contractors. Having women in construction is essential, both on the design and the execution. We look forward to having our workforce more diverse, because it is damaging to have everyone think and act the same way in a company. We need to have people with different backgrounds and characteristics. All the forms of diversity are important and female participation is part of that. It is crucial for a company that wants to have better results. ”

Surya Mendonça, CEO at Órigo Energia

Why is it important for us?

In emerging countries, poverty and precarious employment hit women more severely than men. Blue like an Orange believes that companies have a crucial role to play in the achievement of gender equality by having proactive and deeply inclusive recruitment and human resources policies. Additionally, Blue like an Orange is convinced that companies will perform better as soon as they include women in their workforce, at all levels. In Latin America, the share of women in management positions is higher (37%) than the global average (32%). However, only 14% of Latin American firms are owned by women, 15% of board positions are held by women, and only 11% of companies have one woman or more in senior management⁸.

The situation in 2022

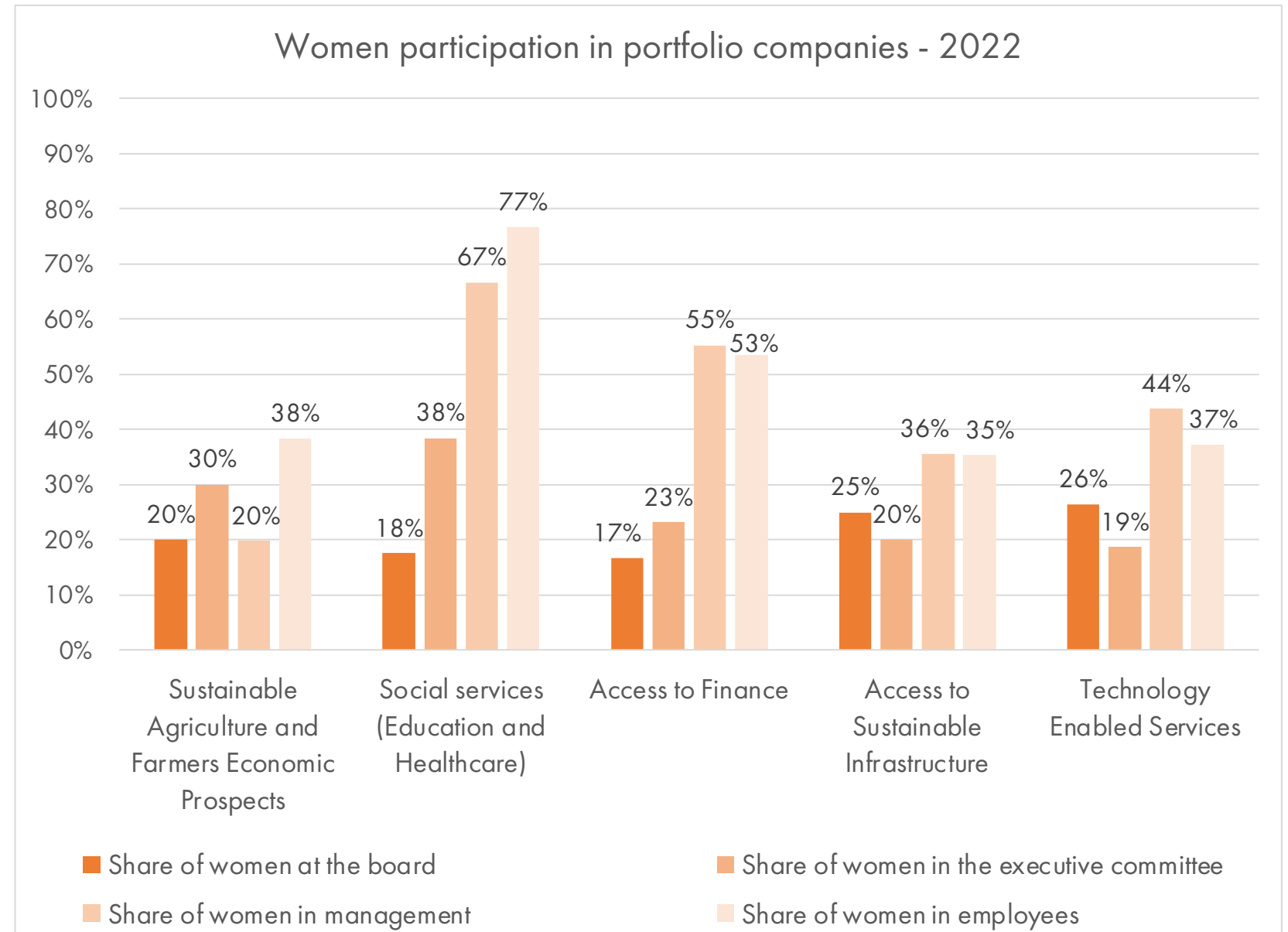
Female employment in Latin America and the Caribbean recovered [from the pandemics period] better than male employment in 2022. However, at the end of the year, the female unemployment rate was still higher than the male unemployment rate (8.4% and 6% respectively⁸).

Latin America and the Caribbean is the only region in the world with a Regional Gender Agenda for 2030.

At country level, some significant initiatives have been taken in the past few years:

- Colombia implemented a two-week paternity leave allowance.
- Among others, Chile, Colombia, Ecuador, and Mexico took part in the World Economic Forum’s Gender Parity Accelerators for companies.

Impact data across our portfolio companies



⁸2022 Labour Overview Latin America and the Caribbean, International Labor Organization, 2022

OUR FOCUS ON INNOVATION FOR SUSTAINABLE DEVELOPMENT



“ Since the creation of RobinFood, we relied on innovation to serve our purpose of offering meals that are both healthy and affordable to the population. Our unique technological ecosystem integrates all our processes, from distribution to supply chain, to reduce both costs and food waste. This was built in-house by a team of more than 100 IT developers. Most recently, we used our innovation capacity to compute and offset the carbon emissions of all our meals and educate the clients on the climate impact of their food choices. ”

José Guillermo Calderón, Co-founder and CEO of RobinFood

Why is it important for us?

Innovation is essential for the development of emerging economies. Whether it happens in products, services, or processes, it is a condition for emerging countries to get a place in the global market and to be no longer restricted to supplying the rest of the world with raw materials. Blue like an Orange aims at fostering social innovation, to contribute to emerging countries' development through a social outcome benefiting directly to local beneficiaries.

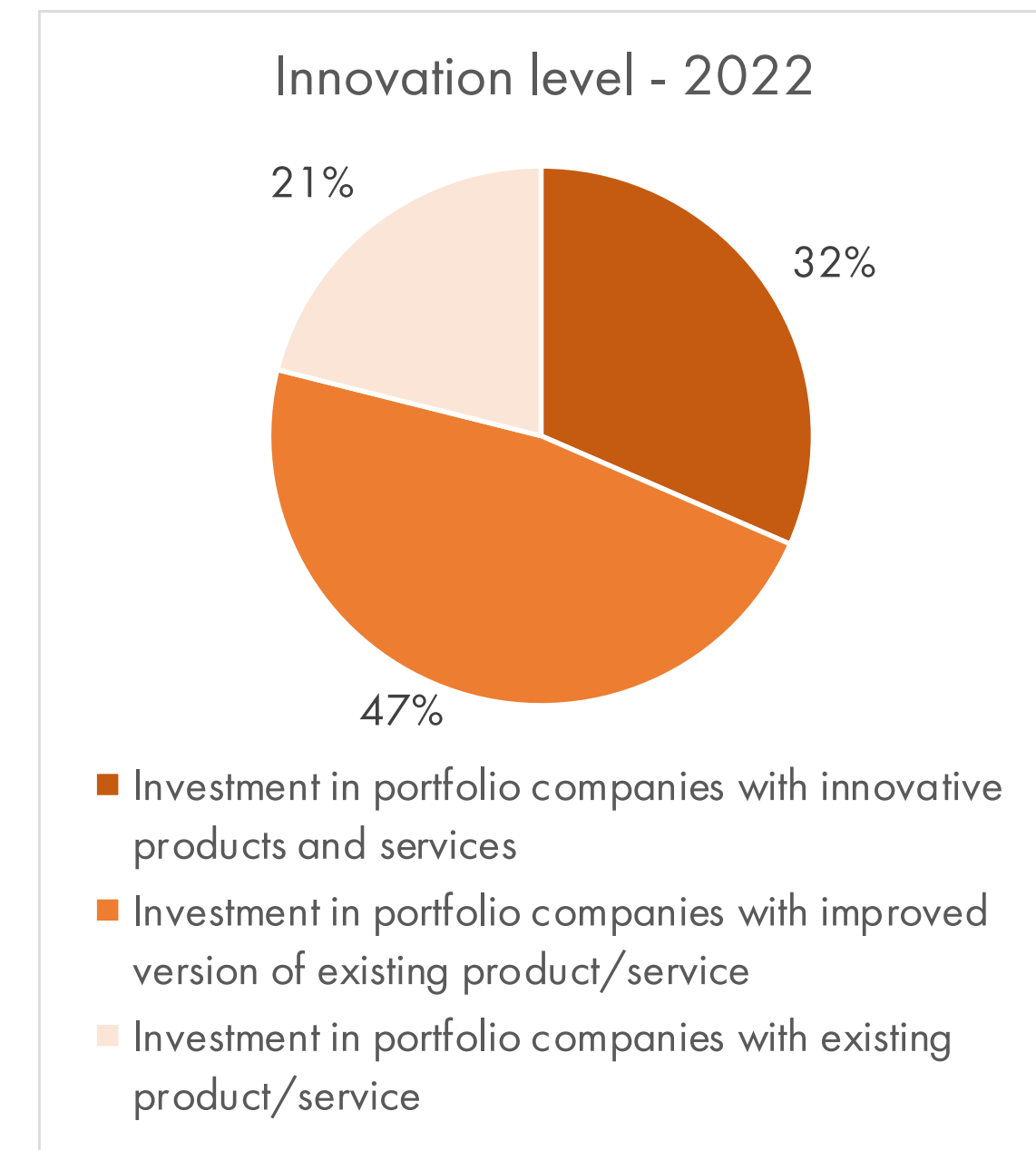
The situation in 2022⁹

In the Global Innovation Index 2022 (World Intellectual Property Organization), Chile is ranked 50th, Brazil 54th, Mexico 58th, Colombia 63rd and Peru 65th, over 132 countries.

Before the Covid crisis, Latin America had already seen a significant development of technology startups. Since then, the technology sector in the region exploded and more and more startups emerged. This boom of entrepreneurial activity was particularly striking in Brazil, Chile, Colombia, and Mexico, where the number of tech startups has been multiplied by 3 since 2018. In 2022, transactions in technology in Latin America represented around 42% of regional deal value. It should be underlined that Mexico, Chile, Colombia, and Brazil, have implemented favorable policies towards entrepreneurs, to ease the launch of new innovative start-ups. FinTech seems to be particularly all the rage. The Startup Ecosystem Index 2022 by StartupBlink, ranks São Paulo 4th in the global fintech city ranking.

However, Latin America and the Caribbean are lagging in terms of expenditures in Research & Development, compared to more developed countries. The region dedicates on average less than 1% of its GDP to R&D, whereas most developed countries go beyond 2%. Additionally, only 8% of Latin American companies invest in Research & Development.

Impact data across our portfolio companies



⁹Source: *Is Latin America the next frontier for technology M&A?*, White & Case, 25 October 2022

OUR FOCUS ON THE ADOPTION OF SUSTAINABILITY PRACTICES BY COMPANIES



“ Our journey with Blue like an Orange has helped us implement some of the best sustainability practices in the Fruit industry in Peru. Thanks to the experience of the Fund’s team, we could focus on the most important topics given our business model, our size and our stakeholder expectations. Being closer to the small farmers from which we source our products enables us to better communicate, manage risks and innovate continuously, while helping them grow their business. Also, our sustainability practices are seen as a plus by our clients in Europe and in the United States who no longer focus only on product quality. We are now proud to share our experience with others and promote good practices within the industry locally. ”

Monica Salazar, CEO of Chavin

Why is it important for us?

Faced with the current environmental and social emergency, companies have a major role to play in the transition towards a sustainable economic system. By implementing demanding policies and processes, companies can reduce their adverse impact, and by being transparent in their reporting and communication, they can influence consumption behaviors. Blue like an Orange sees the implementation of sustainable practices as mandatory for all its portfolio companies and is committed to supporting its investees in their implementation.

The situation in 2022¹⁰

Latin American countries and firms are making progress regarding ESG practices and reporting, but more detailed legislation and corporate internal practices still need to be implemented at country and firm levels.

While only seven countries require listed companies to disclose an annual sustainability report, companies representing 83% of the region’s market capitalization disclose sustainability information. Many Latin American companies follow the most widely acknowledged voluntary ESG disclosure initiatives, as well as the UN Global Compact – in which Latin America has the second largest number of companies after Europe.

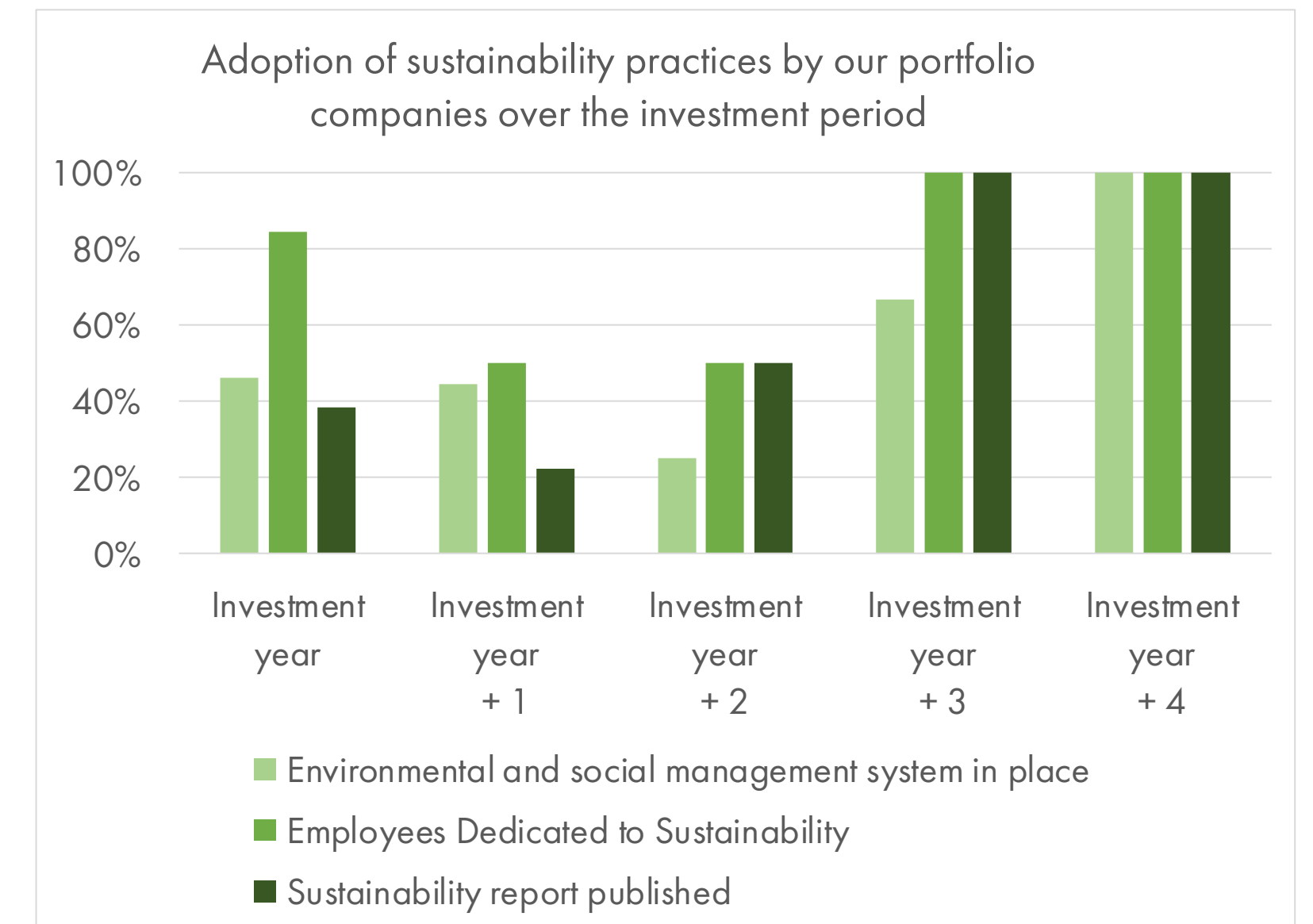
In 2022, Colombia became the first country in the South to adopt a national green taxonomy, while Chile is developing a taxonomy committee to advance green-economy discussions.

¹⁰ESG survey results report: ESG in Latin America, International Bar Association, 2022

Impact data across our portfolio companies

	unit	2022
Social and/or Environmental assessment and management system (“Sustainability approach”)	% Yes	50%
Employees Dedicated to Social and Environmental Performance (“to Sustainability”)	% Yes	83%
Sustainability report published	% Yes	44%

Four years after investment, 100% of our portfolio companies have integrated sustainability practices into their business.



ACCESS TO FINANCE

Why we invest

Blue like an Orange invests in organizations that seek to provide safe, transparent, convenient, and affordable banking and financial services to unbanked or underbanked customers, both individuals and SMEs. In countries where access to capital is extremely limited, we are looking for investees that empower their customers by offering equal rights to access financial opportunities.

Our team's view on the year 2022

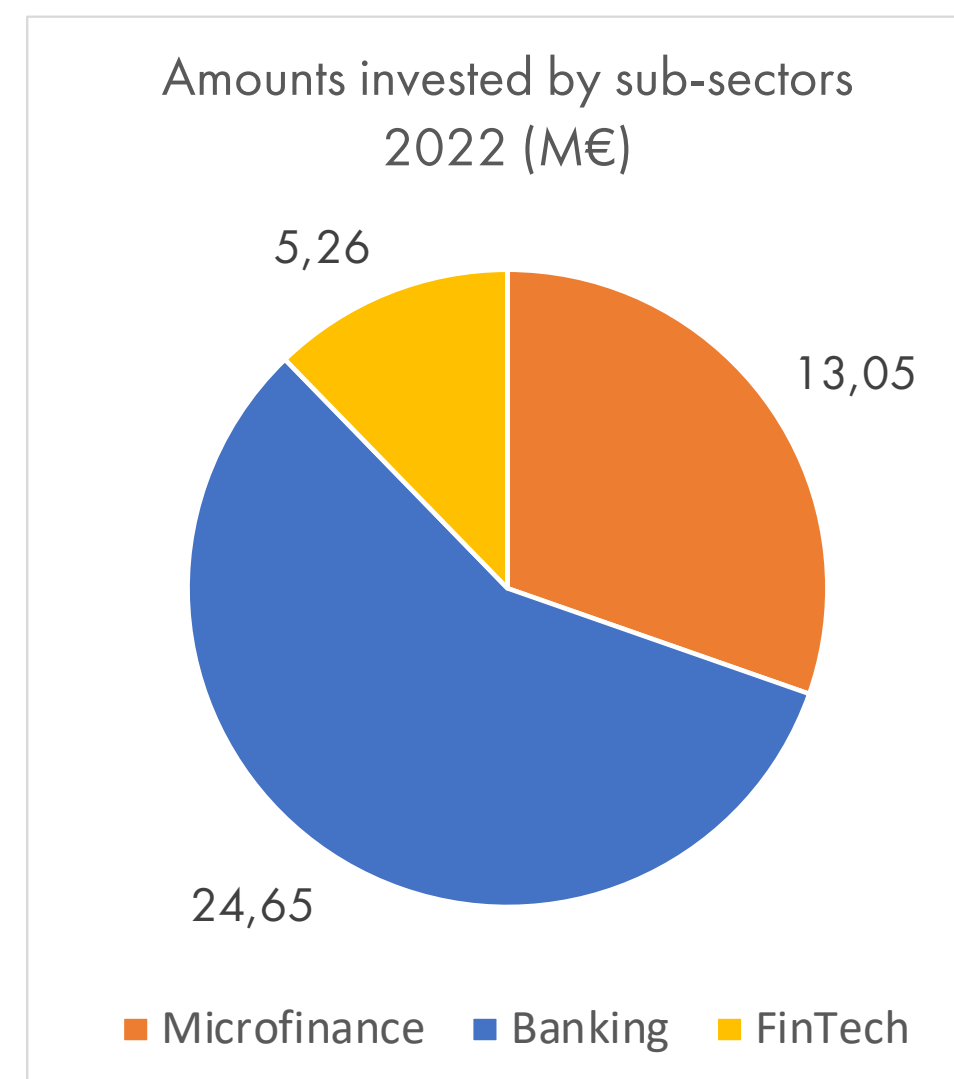
Challenges to financial inclusion and greater access to finance in Latin America have remained largely constant pre- and post-covid. Important gaps remain across the region, as well as cross-country variations. Historically, insufficient financial inclusion and/or the lack of growth in access to finance in the region is attributed to institutional weakness, low levels of bank competition that result in high cost of financial services, inadequate financial/technological infrastructure, and a regulatory environment that generally is excessively restrictive to the evolution of the market and the entry of new players. Post-covid, amidst a global environment of rising interest rates, financial institutions across the region have remained resilient overall and, in some cases, reported historic profits, despite the macroeconomic instability of some countries.

Impact data

At portfolio companies' level¹¹ :

	unit	2020	2021	2022
Total number of individuals benefiting from financial services	Nb	1 262 645	2 134 163	3 929 648
Total number of SMEs benefiting from a loan	Nb	8 579	11 852	15 333

At Fund level:



¹¹Scope of portfolio companies: Produbanco, Movii, Kubo, Credijusto, Acceso Crediticio. Out of scope: Contigo.

Portfolio company impact story



A comprehensive offering of affordable and flexible mobile banking services, focused on women entrepreneurship.

Context

Despite some progress over the past 10 years, a large share of the Mexican population still lacks access to finance.

Only 61.9% of women and 74.3% of men were included in the banking system in 2022¹², by having either one savings, credit, insurance and/or retirement savings account or card.

The need for banking services is even more important for women, as 22,8% declare that their salary does not allow them to make a living (vs. 18,3% for men), and only 10,5% declare that they are able to save money each month (vs. 15,4% for men)¹³.

Mission

Kubo Financiero provides a large range of financial services to people that would otherwise be unserved and leverage technology to offer better terms and more flexible credit risk assessment.

Solution

Kubo Financiero offers to the low-income and mid-income segments of the population in Mexico a multi-product platform to save, invest, borrow, buy through a debit card, bills, and payments service, all from the cell phone. Its 100% digital solution lowers operating costs and enables to offer better terms. Artificial intelligence (AI) capacity enables the company to include in the credit risk analysis other parameters than the borrower's income and to expand credit access for people with low or irregular income.

Furthermore, Kubo Financiero has a significant exposure to the segment of SMEs owned by women, to which it offers specifically designed credits. End of 2022, among the 7 566 client SMEs, 4 188 were led by women.

Impact of the financing

The financing aims to support Kubo Financiero's growth and to serve a greater part of the Mexican population who either did not have access to financial services or could not afford them.

¹²Mexico National Enquiry on Financial Inclusion (2022)

¹³Mexico National Enquiry on the Households' Budget (2019)

SUSTAINABLE AGRICULTURE AND FARMERS ECONOMIC PROSPECTS

Why we invest

In what refers to Agriculture, countries in the Latin American region have been traditionally strong primary producers of commodities such as sugar cane, coffee, corn, soybeans, and coconut. With an increasing population in the region and an international demand for more nutritious food, the agriculture sector offers numerous economic opportunities for the region, with primary producers expanding their supply and distribution channels; essentially to become vertically integrated enterprises. By focusing on agriculture, Blue like an Orange seeks to improve the economic prospects of a large portion of the population in the region while financing producers or distributors, including wholesalers and exporting companies, committed to adopt sound environmental practices, and service providers to the sector that provides solutions to increase productivity and efficiency in the field.

Our team's view on the year 2022

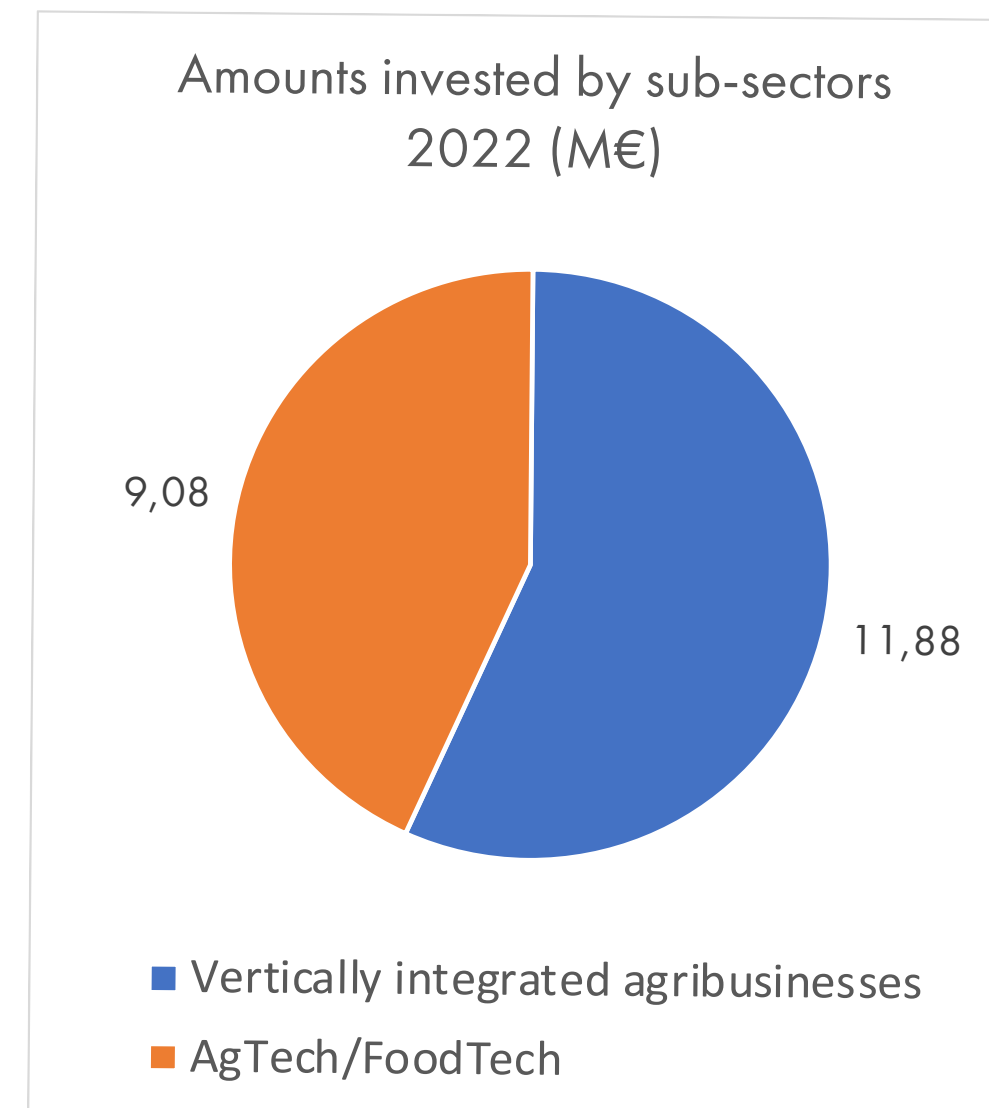
Agribusiness in Latin America presents numerous opportunities, given its importance for the region's economy. According to the United Nations, by 2050, the planet's population will reach 9.6 billion people and consume 30 billion meals daily. To meet future demand, food production must increase significantly. Technology provides disruptive solutions for efficiency and productivity of rural producers while minimizing environmental impacts, a key feature to scale crop yields and reduce farming costs. As a result, the AgriTech sector has grown exponentially in recent years, with an increasing number of entrepreneurs developing solutions for the agribusiness chain.

Impact data

At portfolio companies level¹⁴ :

	unit	2020	2021	2022
Total number of agricultural employees	Nb	309	490	1 549
Total number of small-scale producers	Nb	257	524	444

At Fund level:



¹⁴Scope of portfolio companies: Chavin, Solinftec.

Portfolio company impact story



SOLINFTEC

Connecting agriculture, technology, and sustainability.

Context

As Latin America needs to increase the productivity of agricultural practices to meet the growing global demand for food, unsustainable food production models in the region need to shift, to preserve the food production capacity and the natural resource base in the long run.

Despite the need for innovative sustainable technology to produce more food with less impact, investments in AgTech and FoodTech in Latin America trail behind other regions.

Mission

Building the best technology to transform agriculture into a more productive and sustainable practice.

Solution

Technological solutions offered by Solinftec provide farmers with real-time actionable insights related to planting, spraying, fertilizing, and harvesting to increase yields, which improves productivity by optimizing farming processes and the use of resources, including fossil fuels and agrochemicals, reducing costs and the environmental impact of agricultural production. Powered by proprietary in-field data, the Company's artificial intelligence platform, ALICE AI, can contribute to an increase of more than 30% in productivity and efficiency for its clients.

Its most recently launched disruptive technology is Solix Ag Robotics, a robot built to autonomously scan and monitor fields, providing farmers with 24/7 monitoring and learning about the ecosystem, from pre-sowing to post-harvest, which contributes to crop yields and inputs usage efficiency.

As of December 2022, Solinftec's solutions monitored 12 million hectares, serving 339 customers.

Impact of the financing

The Fund invested in Solinftec to scale up the use of its solutions over Brazil, North America and other Latin American countries.

SOCIAL INFRASTRUCTURE - ACCESS TO HEALTHCARE

Why we invest

Health systems in Latin America are highly fragmented, resulting in inequities in access, quality, and outcomes of health services. Latin America’s growing middle-class continues to demand better quality and more affordable health, providing socially and commercially scalable opportunities for increased private sector investments. Blue like an Orange seeks to capitalize companies that have demonstrated consistent improvements to population health and contribute to strengthening health systems in support of achieving Universal Health Coverage.

Our team’s view on the year 2022

The pandemic accelerated the digital transformation of many health services in Latin America and has created opportunities for investments in telemedicine and the improvement of the Healthcare Information Systems (HIS) throughout the region with a focus on data standardization.

The impact of AI is far-reaching in healthcare – from early detection, to diagnosis, treatment, patient experience, research, disease monitoring, and treatment adherence.

The shift from a reactive to a preventive approach to healthcare is also expected to create opportunities for private investment. Non-communicable Diseases (NCDs) account for around 74% of deaths and have staggering costs associated with treatment (cancer treatments alone are estimated in the region up to US\$150bn annually)¹⁵. There are new business models being developed to provide diagnostic services and products and ensure access to preventive and specialty treatment care.

Additionally, the increased demand for quality medications and technologies to treat the rising burden of NCDs is a major challenge

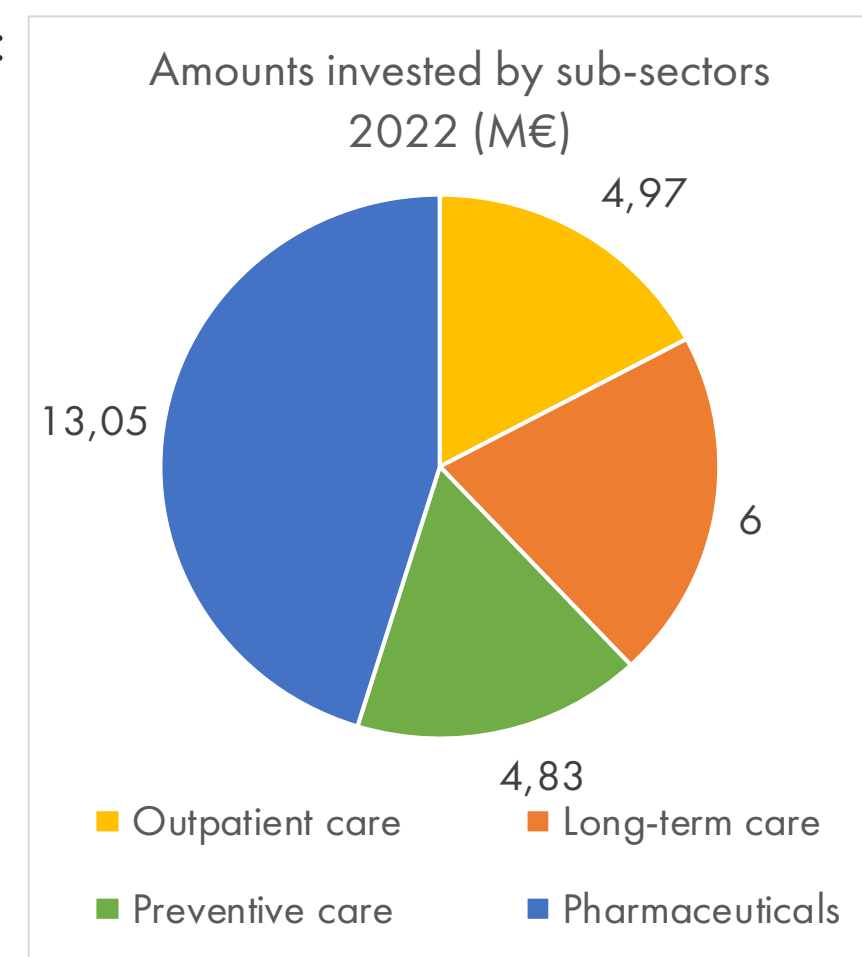
faced by healthcare systems in Latin America, since about 78% of all medicines in the region are paid for out-of-pocket¹⁶. Investment in models providing access to medication could provide attractive social and financial returns for investors.

Impact data - Health

At portfolio companies level¹⁷ :

	2020	2021	2022
Total number of healthcare facilities	-	-	37
Total number of patients	559	1 554	69 899

At Fund level:



From left to right:

- Javier Lozano, CEO, Clínicas del Azúcar
- Dr. Armando Villarreal, Clinic Doctor, Clínicas del Azúcar
- Miguel Garza, Growth Director, Clínicas del Azúcar
- Anna Oleksiak, Director, Blue like an Orange
- Andres Amador, Head of Mexico, Blue like an Orange
- Rashad Kaldany, Managing Partner & Founder, Blue like an Orange
- Alvaro Cisneros, Clinic Manager, Clínicas del Azúcar

¹⁵Source: 2023 Healthcare Trends in Emerging Markets: A Look Ahead, Speyside

¹⁶Source: Private Capital’s role in Healthcare Delivery in Emerging Markets beyond COVID, Investors for Health, March 2022

¹⁷Scope of portfolio companies: Placi, Alivia, Clinicas del Azucar. Out of scope: InvestFarma.

Portfolio company impact story



Holistic health care with a focus on prevention

Context

Diabetes is a chronic disease that can lead to many complications over time (kidney disease, vision loss, amputations due to nerve damage, and many others), causing high emotional distress, and oftentimes depleting the family’s savings that otherwise would have been spent on children’s education and other necessities. As diabetes affects more low-income people, notably due to unhealthy food habits and lifestyles, it is critical to provide this population access to information on the disease, including free diagnostics, prevention measures, and treatments.

Mission

Clinicas del Azúcar seeks to walk alongside the patients and help them make their diabetes treatment very easy and accessible.

Solution

Clinicas del Azúcar provides diabetes management and prevention of complications, in a low-resource social environment, with high success rates, comparable to the results in developed countries. The Company operates a network of 37 clinics in Mexico from which 10 new clinics opened during the year 2022 reaching a total of 67 581 patients.

Impact of the financing

The Fund finances Clínicas del Azúcar’s long-term growth plan in Mexico. The company expansion includes the deployment of virtual clinics, partnering with laboratories to receive the results online, and administering the treatment virtually. The financing allows the company to keep targeting low-income households (45% of current patients) and to expand in rural areas.



SOCIAL INFRASTRUCTURE - ACCESS TO EDUCATION

Why we invest

Providing every child access to education could boost GDP by an average of 28% per year in lower-income countries¹⁸. Parents at every socio-economic level in developing countries have demonstrated a willingness to dedicate a significant amount of income to educating their children. Blue like an Orange seeks to support traditional and innovative education models to reach a greater segment of the population, with a strong emphasis on vocational training and workforce readiness.

Our team's view on the year 2022

To expand access and improve quality of education, countries have fostered several alternatives, such as decentralization of the education system, charter schools, public-private partnerships, and expansion of low-cost private schools.

Private education plays an important role in Latin America at all ages, from elementary schools to higher education. Private school students perform better than those from public schools, according to TERCE 2019 (UNESCO). With the pandemic, trends toward the privatization of education systems and involvement of nongovernmental stakeholders have increased.

Private investment also focuses on specific areas with significant knowledge gaps, particularly within the mid to low-income population, and that are transformational for individual qualification, employment, and earning potential. These areas include illiteracy, English proficiency, computer science, STEM, in full science, technology, engineering, mathematics, and vocational education.

Impact data - Education

At portfolio companies level¹⁹ :

	unit	2020	2021	2022
Total number of schools	Nb	11	14	16
Total number of acquired schools (through our Financing)	Nb	9	10	12
Total number of students	Nb	6 082	6 469	8 065
Total permanent professor/teacher positions	Nb	338	371	412

At Fund level:

13,63 M€ invested in Education to date

¹⁸Source: Center for Learning on Evaluation and Results for Brazil and Lusophone Africa at Fundação Getulio Vargas' Sao Paulo School of Economics, 2023

¹⁹Scope of portfolio companies: Rede Decisão.

Portfolio company impact story



Making private schools affordable, without compromising quality

Mission

Rede Decisão prepares students for higher education, personal and professional development, promotes inclusion and diversity, and seeks to create a positive impact on the surrounding communities and families.

Solution

Rede Decisão is a Brazilian educational platform that operates private affordable K-12 schools in the states of São Paulo and Minas Gerais. With a footprint of 16 schools in 2022, and a successful growth trajectory, including greenfield projects as well as several acquisitions, the company offers quality, diversified and affordable education.

Impact of the financing

The funding will contribute to the acquisition of new schools, greenfield projects, and refinancing.

ACCESS TO SUSTAINABLE INFRASTRUCTURE

Why we invest

Blue like an Orange aims to support the development of sustainable infrastructure by investing in high quality information technology, affordable, clean, and reliable energy, sanitation, and transport, especially to those who are currently operating with limited or no access. These investments will not only develop infrastructure but will also support quality employment for people in the surrounding communities.

Our team’s view on the year 2022

Historically, Latin America falls short when it comes to investments in infrastructure. Data from the World Bank indicates that annual investments in infrastructure range from 2% to 4% of GDP²⁰, placing Latin America at a disadvantage compared to most regions. Moreover, transportation infrastructure is one of the region’s most notable weaknesses. Transportation systems are often deficient, facing challenges with traffic congestion and lack of accessibility due to sharp population increases in urban centers. As a result, innovative solutions backed by private investment aim to foster infrastructure development in the region, such as sharing economy businesses (e.g., micromobility solutions), which can provide affordable and efficient alternatives to the population.

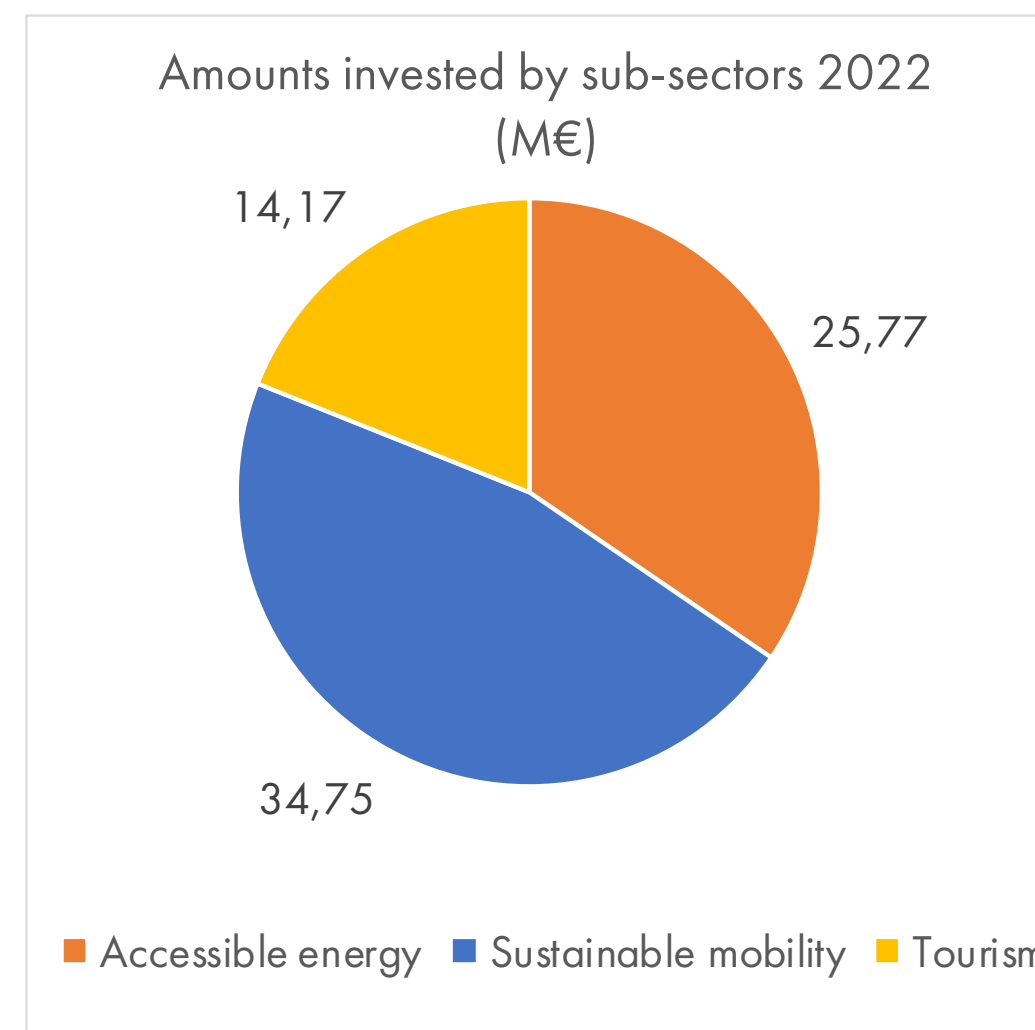
²⁰Source: Center for Learning on Evaluation and Results for Brazil and Lusophone Africa at Fundação Getulio Vargas’ Sao Paulo School of Economics, 2023

Impact data

At portfolio companies’ level²¹ :

	unit	2020	2021	2022
Total number of individual users (provided with access to clean energy, sustainable mobility...)	Nb	1 513 901	2 381 416	2 039 352
Total number of SME users	Nb	4 204	8 143	13 384
Avoided Emission	tCO2e	4 092	8 676	85 708

At Fund level:



²¹Scope of portfolio companies: Origo, Tembici, Cabify, Selina.

Portfolio company impact story



The largest micro-mobility company in Latin America.

Context

Growing populations, inefficient transport systems, and the increasing number of vehicles in metropolis are leading to greater congestion and reduced productivity in the cities worldwide. This situation will only worsen, with the number of cars worldwide expected to nearly double by 2040, according to the World Economic Forum.

Latin America’s cities are among the most congested in the world due to the lack of urban planning and the population’s over-reliance on cars. Alternative transportation, such as bike sharing, is essential to solve the numerous mobility challenges in the cities of the region.

Mission

Creating solutions to inspire a revolution in urban space, improving cities and people’s lives by facilitating and stimulating the use of an individual, non-polluting mode of transportation.

Solution

As Latin America’s leading micromobility technology company, focused on docked bike-sharing systems, Tembici complements the public urban infrastructure and collaborates with the public sector to support the development of large-scale sustainable micromobility and smart cities infrastructures. By offering different types of plans, Tembici addresses the needs of a broad set of customers, including occasional users or daily commuters. Among other initiatives, Tembici has established a partnership with iFood (a Brazilian food delivery app), which provides an efficient and sustainable mode of transportation for last-mile delivery services. Through the project “Bikes for the Planet”, the Company issues carbon credits from bicycle rides, which are registered by Verra. In 2022, Tembici held the first auction of micromobility carbon credits in the world, as part of “Bolsa Verde”, an initiative from the Rio de Janeiro Municipal Administration.

As of December 2022, Tembici operated a fleet of 20,910 bikes across 14 cities in Brazil, Colombia, Chile, and Argentina.

Impact of the financing

The investment aims to support Tembici in expanding its micromobility infrastructure in Latin America, by increasing the number of bikes, e-bikes, and dock stations available in current cities and entering new geographies, including Colombia, where the Company started operations in September 2022.

TECHNOLOGY ENABLED SERVICES

Why we invest

“The 2030 Agenda for Sustainable Development recognizes the great potential of global connectivity to spur human progress. It challenges us to ensure universal and affordable Internet access for all.” Antonio Guterres, Secretary-General of the United Nations²²

Internet penetration in Latin America has surpassed that of China and India and is approaching that of developed economies²³, with a continuous increase in smartphone adoption rate among the population in the region. Digital adoption has transformed everyday life across the socioeconomic strata in the region, providing more access to products and services. At the same time, although Latin America has a higher proportion of SMEs, their low digital maturity has stymied growth and productivity, leading to a smaller contribution to GDP when compared to other regions. Blue like an Orange seeks to support technology-enabled business models that contribute to accessibility and economic growth in developing markets.

Our team’s view on the year 2022

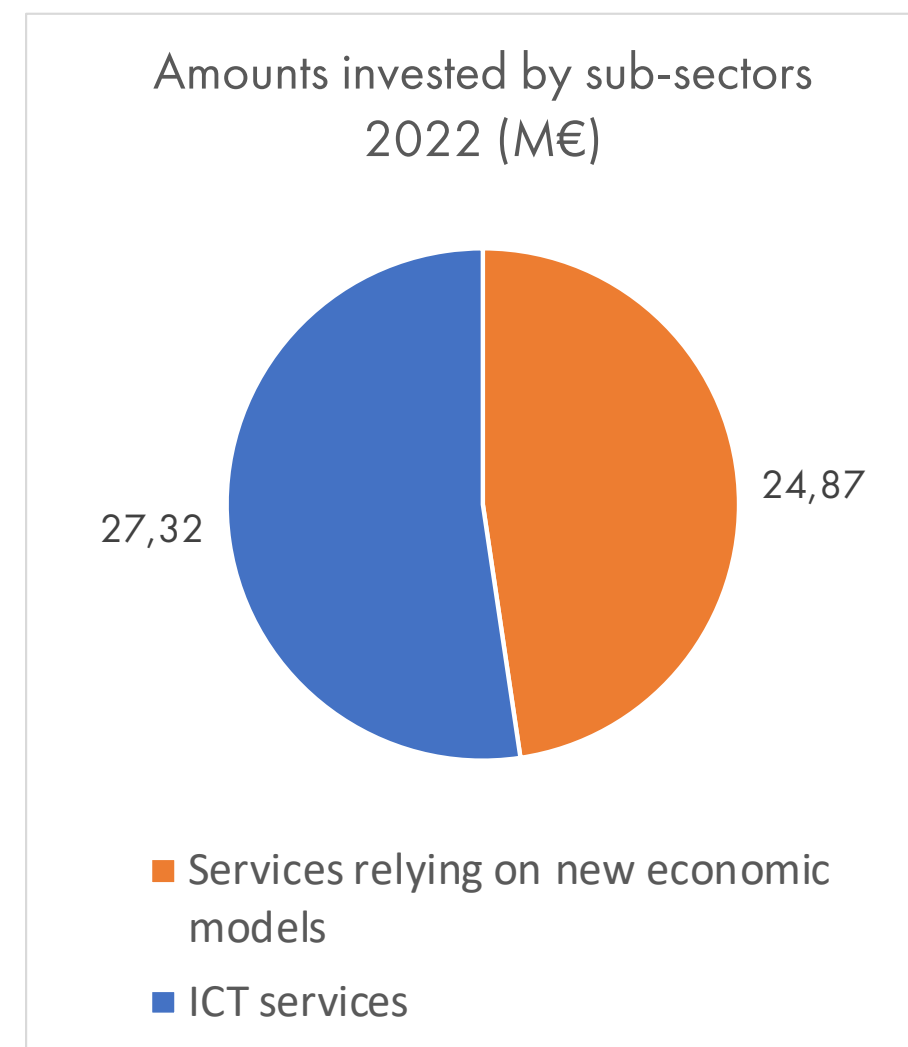
The technology sector overall has remained largely underinvested compared to other economic sectors in the region. Sectors essential to the well-being of citizens of the region, such as education and healthcare, are amongst the most underfunded, least technologically evolved and most inefficient due to their government-controlled nature in most countries. Technological advancement, mirroring what has proven to work in developed countries, is essential to the region’s effort to close social inequality gaps and to enable the scalability of social impact enterprises within it.

Impact data

At portfolio companies’ level²⁴ :

	unit	2020	2021	2022
Total number of individual users	Nb	-	-	1 767 512
Total number of government-related user organizations	Nb	-	38	40

At Fund level:



²²Fast-forward progress - Leveraging tech to achieve the global goals, 2017.

²³Source: World Bank

²⁴Scope of portfolio companies: RobinFood, Merqueo, Quintess.

Portfolio company impact story



Reducing food waste and improving the diet of the low-income urban population through technology.

Context

In the last decade, increased urbanization and women’s participation in the workforce have modified dietary patterns and food systems in Latin America towards more convenient options such as processed food and eating away from home alternatives. The region has the highest cost of access to a healthy diet in the world¹.

Meanwhile, Latin America food waste reached its peak levels, similar to North America, mainly due to operational inefficiencies in processed food purchasing and preparation.

Mission

RobinFood leverages technology to reduce food waste and offer quality and affordable food to the low-income population.

Solution

RobinFood is an innovative model of “cloud-restaurant”, a combination of cloud-kitchen and traditional restaurant.

With its proprietary algorithm “Smart Chef”, the Company estimates upcoming demand for each kitchen, allowing precise scheduling for procurement, and preventing food waste on excessive perishable raw material purchases and food overproduction.

Besides, all RobinFood kitchens operate with “connected cooking” and “digital kitchen management” technologies that allow to monitor remotely the cooking processes and to optimize energy consumption.

Finally, RobinFood considers both health and environmental aspects in the design and modification of its menus. In 2022, it introduced vegetable meat in its menus in Colombia.

As of December 2022, RobinFood had 1 032 788 individual clients of which 68% were low-income users.

Impact of the financing

The investment provided aimed at financing RobinFood’s expansion in Mexico and Brazil as well as the consolidation of their operations in Colombia. Due to a challenging business environment, RobinFood decided to withdraw from Mexico and stabilize its operations in Colombia and Brazil.

An aerial photograph of a lush green cornfield. In the lower right quadrant, a silver laptop is open on the ground. On the left side, there is a graphic consisting of several concentric circles in shades of blue, purple, and pink, with a yellow center. Several thin black lines radiate from the center of the circles towards the top left. Scattered throughout the image are several small red plus signs. The overall background has a light blue tint.

PART IV

INVESTING RESPONSIBLY

OUR RESPONSIBLE INVESTOR APPROACH

Blue like an Orange’s team believes that positive impacts on any sustainability factor must be generated, as much as possible, without negatively impacting any other of these factors.

A sound due diligence policy

Blue like an Orange implements a due diligence policy that is applied throughout the investment process and monitoring of the portfolio companies. This includes engagement policies, investment restrictions and due diligence on adverse impacts and sustainability risks. Blue like an Orange performs a KYC and ethical check and an Environmental and Social (“E&S”) assessment to identify:

- environmental, social and governance events or conditions which, if they occur, could cause a material negative impact on the value of the investment; or/and
- activities of the investment that could have negative effects on sustainability factors.

The E&S due diligence is based on the Performance Standards (“PS”) developed by the International Finance Corporation (IFC).

The definition and monitoring of an Environmental and Social action plan to address the risks.

During the execution of a transaction, an Environmental and Social Action Plan is contractually agreed with the company, addressing potential sustainability residual risk and adverse impacts to be remediated.



IFC PS Environmental and social risks, systematically addressed during due diligence

<p>1 Risk Management</p>	<p>2 Labor</p>	<p>3 Resource Efficiency</p>	<p>4 Community</p>
<ul style="list-style-type: none"> • Environmental and social assessment and management system 	<ul style="list-style-type: none"> • Working conditions • Protecting the work force • Occupational health and safety • Workers engaged by third parties • Supply chain 	<ul style="list-style-type: none"> • Resource efficiency • Pollution prevention 	<ul style="list-style-type: none"> • Community health and safety • Security personnel
<p>5 Land Resettlement</p>	<p>6 Biodiversity</p>	<p>7 Indigenous People</p>	<p>8 Cultural Heritage</p>
<ul style="list-style-type: none"> • Displacement • Private sector responsibilities under government-managed resettlement 	<ul style="list-style-type: none"> • Protection and conservation of biodiversity • Management of ecosystem services • Sustainable management of living natural resources • Supply chain 	<ul style="list-style-type: none"> • Circumstances requiring free, prior, and informed consent • Mitigation and development benefits • Private sector responsibilities where government is responsible for managing indigenous peoples issues 	<ul style="list-style-type: none"> • Protection of cultural heritage in project design and execution • Project’s use of cultural heritage



ESG Our ESG approach validated by the LUXFLAG ESG Label

Blue like an Orange Sustainable Capital Fund SICAV-SIF SCS is granted every year the LuxFLAG ESG Label for its sub-funds.

Some achievements on ESG practices in 2022

In 2022, the Fund made significant progress on the Climate and Human Rights issues.

On Climate, it measured for the first time the emissions and carbon footprint and intensity of its portfolio. A Climate policy will be developed in 2023.

On Human rights, it developed a sophisticated Toolbox that lists the issues to be considered regarding four stakeholders: the workers, the users, the suppliers and contractors, and the communities. For each of them, certain Human Rights issues are categorized as cross-cutting, whereas others are distributed between Blue like an Orange's main target sectors. It also gives an overview of Human Rights issues per country, for the five countries and sectors of investment targeted by Blue like an Orange. Also, the Blue Like an Orange's team participated in a Human rights training. And for the first time, an action plan on Human rights was included in a loan agreement with an incentive for the investee to accomplish it.

Our 2022 portfolio performance on ESG factors

Environment			
		unit	2022
Share of investments exposed to material negative impacts related to these factor	Greenhouse gas emissions: high impact climate sector	%	28%
	Activities negatively affecting biodiversity-sensitive areas	%	0%
	Emissions to water	%	2%
	Hazardous Waste	%	29%
Society			
Data			
		unit	2022
Training	Portfolio employee training	%	82,93%
Turnover	Portfolio turnover	%	59,51%
Accidentology	Portfolio accident frequency rate	Rate	5,72
	Portfolio accident severity rate	Rate	0,04
	Portfolio fatal accidents	Int	1
Absenteeism	Portfolio absenteeism rate	%	1,23
Governance			
		unit	2022
Board independency	Share of investments with independent Board members	%	86%
Value sharing	Share of investments with value sharing mechanism	%	67%
Anti-corruption	Share of investments with anti-corruption and anti-bribery policy in place	%	100%
Supply chain	Share of investments with responsible purchasing charter in place	%	67%
	Share of investments with CSR monitoring of suppliers	%	56%
All factors - Reputation			
		unit	2022
Compliance with the UN Global Compact Principles	Share of investments with violations reported of UN Global Compact principles	% Yes	0%
	Share of investments with processes and compliance mechanisms in place with UN Global Compact Principles	% Yes	100%
Litigations	Share of investments with litigations reported in the field of environment, social and governance issues	% Yes	47%
	Among litigations :		
	Share of litigations reported in the field of environment	%	0%
	Share of litigations reported in the field of social	%	100%
	Share of litigations reported in the field of governance	%	0%

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BLUE LIKE AN ORANGE

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