



# RESPONSIBLE INVESTMENT POLICY

Acumen LatAm Impact Ventures  
2024



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# 1. Purpose and Scope

The purpose of the Responsible Investment Policy ("The Policy") is to describe the framework governing ALIVE's operations, its commitment to investing in companies benefitting low-income communities, and its approach to ESG (environmental, social & governance) and sustainability across its portfolio and activities.

ALIVE promotes compliance with this Policy and all its principles. This Policy is continuously communicated both internally and externally.

This policy applies to all of ALIVE's investments and operations.

The Responsible Investment Policy is reviewed and updated as required and at least annually.





## 2. About Us

**Acumen LatAm Impact Ventures – ALIVE – is a new type of Latin American fund manager.**

- A fund manager that places impact at centerstage, measuring impact using a data-driven approach to not only count lives but more importantly to understand how lives are being impacted.
- A fund manager that incorporates a gender lens investing every step of the way, from origination to post-investment management.
- A manager that has built a climate smart investment approach to help low-income communities prepare for, respond to, and recover from the effects of climate change.
- A fund manager that seeks to build a vibrant community of like-minded investors that truly care about impact and learning.
- A fund manager that seeks to grow the impact investing space in Latin America by collaborating and sharing knowledge broadly.
- And finally, but equally importantly, a fund manager that seeks to provide attractive risk-adjusted returns to its investors.

### **i) Our Purpose**

The growing inequality in Latin America, coupled with the rise of high caliber mission-driven entrepreneurs that are addressing the needs of low-income populations by taking advantage of the region's key competitive market conditions, presents a substantial opportunity for investors to achieve both social and financial returns while making a lasting impact. These companies are an important engine of growth in the region and have the capacity to truly drive change. However, most of these enterprises struggle to obtain investment capital. ALIVE intends to provide critical capital and operational support to enable these businesses to scale their operations, maximize their impact, and reach long-term financial profitability.

### **ii) ESG Commitment**

ALIVE understands responsible investment as a strategy and practice to incorporate environmental, social, and governance (ESG) factors in investment decisions and active ownership<sup>1</sup>. ALIVE is convinced of the positive effect that implementing best ESG practices has in its portfolio companies and subsequently in the long-term performance of its investment portfolios. As a result, ALIVE commits to not only include ESG assessments throughout its investment processes, but also to proactively engage with all portfolio companies and support them in the implementation of best ESG practices and periodically measure these matters throughout the investment life.

As an asset manager, ALIVE has a duty to act in the best long-term interests of its investors. In this fiduciary role, we believe that ESG matters can have a positive effect on the performance of investment portfolios. We also recognize that applying the UNPRI Principles may better align investors with the broader objectives of society. In that sense, ALIVE will make its best possible efforts to maintain its status as a PRI signatory and adopt ESG good practices.

Placing impact as the central axis of ALIVE's investment focus requires a strong ESG commitment. By performing a thorough analysis of ESG matters and fomenting the implementation of ESG best practices across its portfolio, ALIVE is ensuring that its investment and social impact purpose is fulfilled. Therefore, responsible investment is a key factor that pushes ALIVE to achieve its goal of providing capital and support to companies that are addressing the needs of low-income populations.

1. As defined by the Principles for Responsible Investment<sup>4</sup> available at this link: <https://bit.ly/3nxcVhu>

# 3. Our ESG Principles

As an impact fund manager, ALIVE is committed to the economic development of the region and reducing the social gaps that exist in our target countries. As a result, ALIVE seeks to invest only in companies that have social impact embedded in the DNA of their businesses.

Furthermore, ALIVE is committed to incorporating ESG issues into investment analysis and decision-making processes as well as to encourage our portfolio companies to adopt policies and practices that foster sustainability and social responsibility. ALIVE is guided by, and encourages its portfolio to, implement the following ESG principles:

## Environment

- Evaluate the environmental impact caused by its operations and across the value chain of its investments.
- Minimize the production of emissions, toxic pollution, and any harm that could result from its operations and investments.
- Never participate in activities or projects that would lead to loss of habitat, environmental loss, or over-exploitation of resources.

## Social

- Ensure all employees are of legal minimum working age and their positions are compliant with decent work and non-exploitation policies.
- Ensure the formalization of all workers involved in its operations and promote formalization throughout its value chain.
- Protect local communities and mitigate all negative impacts that could stem from its operations.
- Defend and preserve both the cultural heritage and the indigenous communities that may be impacted by or benefit from its operations.
- Implement standards of transparency, accuracy, and non-discrimination in all internal or external advertising and communications.
- Ensure the adoption of diversity and inclusion best practices.

## Governance

- Follow anti-money laundering and non-financing of terrorism practices.
- Be transparent and accurate in all information shared with third parties.
- Promote salary equity and equal treatment and opportunities without discrimination based on sex, gender, sexual identity, sexual orientation, ethnicity, race, nationality, culture, age, marital status, parental status, political alignment, or religion.



# 4. Our Investment and Impact Strategy

## i) Investment Strategy

ALIVE invests in impact-driven early growth companies in Latin America that have profitable business models and require capital to grow, with a focus on Colombia and Peru. ALIVE provides investees with equity or mezzanine financing to achieve their growth objectives.

ALIVE investees bring to market innovative solutions that tackle the challenges of low-income communities in the following three areas:

### Education and pathways to quality jobs

ALIVE invests in companies that provide vulnerable populations with high quality, cost effective and pertinent education and training, and connects them with the formal job market. Within this strategy, ALIVE will focus on companies in sectors such as, but not limited to:

- Edtech
- Workforce development
- HRtech

### Sustainable income generation opportunities

ALIVE invests in companies that provide services that allow SMEs and small-scale entrepreneurs – including farmers – to thrive. Within this strategy, ALIVE will focus on companies in sectors such as, but not limited to:

- Fintech
- Agribusiness/Agtech
- Tech platforms that support small businesses

### Access to critical goods and services

ALIVE invests in companies that provide vulnerable communities with critical goods and services, such as access to energy, telecommunications, and access to health. Within this strategy,



ALIVE will focus on companies in sectors such as, but not limited to:

- Access to renewable energy
- Access to connectivity/internet
- Healthtech

### Solutions for climate resilience and mitigation

ALIVE will invest in companies that provide vulnerable populations with ways to mitigate climate change and/or improve their ability to prepare for, recover from, and adapt to climate related risks. ALIVE will focus on companies in sectors such as, but not limited to:

- Circular economy / recycling
- Foodtech
- Nature-based solutions

## ii) Impact Strategy

For ALIVE, impact measurement is not just a reporting activity or only about counting people. The firm truly believes the impact its companies have across their respective value chains represents a unique competitive advantage. For ALIVE, measuring impact is similar and equally important to measuring financial and operational performance.

ALIVE guides its impact measurement processes using the widely adopted Impact Management Project framework:

- **What:** Tells us what outcome the enterprise is contributing to, whether it is positive or negative, and how important the outcome is to stakeholders.
- **Who:** Tells us which stakeholders are experiencing the outcome and how underserved they are in relation to the outcome.
- **How Much:** Tells us how many stakeholders experienced the outcome, what degree of change they experienced, and how long they experienced the outcome for.

- **Contribution:** Tells us whether an enterprise's and/or investor's efforts resulted in outcomes that were likely better than what would have occurred otherwise.
- **Risk:** Tells us the likelihood that impact will be different than expected.

ii) Our Gender Lens Approach

In order to counteract the pervasive discrimination and power dynamics that limit opportunities for women in Latin America, ALIVE applies a robust gender lens to its investing activities, from initial due diligence to exit. This allows the firm to support investees in achieving greater gender equality and ensure that women have the same opportunities as employees, customers, and suppliers of ALIVE's investees. While ALIVE does not screen out companies that are not owned or managed by women in its selection process, the firm ensures to only invest in companies that are committed to working towards gender equality. In this regard, ALIVE works closely with the companies to develop specific plans and dedicate resources to support gender equality implementation projects throughout the portfolio.

ALIVE's Impact Framework Summary

IMPACT FRAMEWORK

Primarily, ALIVE tracks **industry-specific impact metrics**, using the widely recognized Impact Management Project framework to structure our approach.

WHAT  
 WHO  
 HOW MUCH  
 CONTRIBUTION

**IMPACT MANAGEMENT PROJECT**  
 RISK

**ALIVE**  
Acumen LatAm Impact Ventures



The firm, **through its investments** in high-impact companies, will track its contribution to the **attainment of the SDGs** in its target countries.



More broadly, ALIVE will reference its **alignment** with the UN-backed **Principles for Responsible Investing**,

Recognize the responsibility of asset owners, managers and advisors to include ESG considerations in every phase of the investment cycle



GENDER LENS APPROACH

ALIVE implements a **gender lens approach** throughout all its investment processes and will help companies **track and improve** their gender metrics.



ALIVE is a **2XGLOBAL** founding member

# 5. ESG approach incorporated in our investment process

## Initial ESG Diligence

During initial due diligence, the investment team performs a preliminary assessment of the company's social impact thesis, as well as a preliminary assessment of the company's environmental, social and corporate governance ("ESG") risks. The team ascertains whether management is committed to working towards gender equality in the company and a preliminary set of gender metrics is also analyzed as part of the initial due diligence.

## Formal ESG Diligence

During Formal Due Diligence, the investment team also conducts extensive ESG diligence using the IFC Performance Standards as a guiding framework, focusing on areas highlighted from the initial ESG risk evaluation. The ESG diligence is meant to uncover ESG risks, identify potential risk mitigants and/or the lack thereof, as well as evaluate areas for potential ESG improvements.

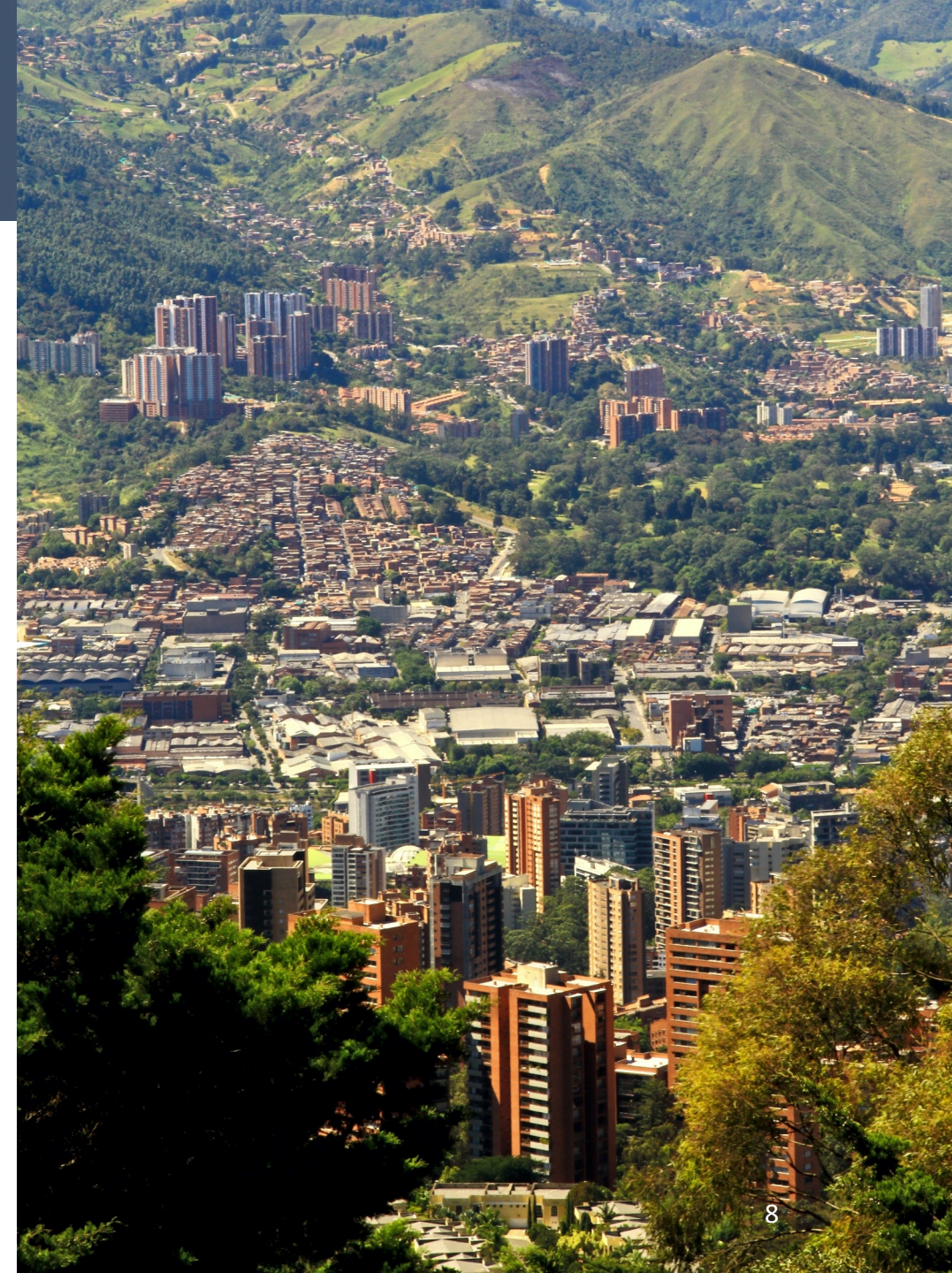
Upon completion of formal ESG diligence, the investment team will rate each of the ESG risks as Low, Medium or High and come to a conclusion on whether the investment remains appropriate given this assessment. The investment team also completes an ESG Action Plan, which outlines steps that the company will take going forward to remedy or mitigate any ESG issues or risks deemed unacceptable.

Finally, a gender integration assessment is also carried out during Formal Due Diligence. In this phase not only are gender-related metrics at the company and clients/suppliers level collected and analyzed, but also the company's management is interviewed to delve into more qualitative questions, such as the business's general approach to gender, any specific gender initiatives that have been implemented in the past and the promoter's plans to work towards gender equality in the company.

## Post-investment ESG management

ALIVE actively monitors ESG matters in portfolio companies from the point of investment onwards. This typically includes 1) monitoring ESG risk areas, 2) assessing progress made on the ESG Action Plan developed at investment and 3) evaluating any changes in the business that might create additional ESG risks. In addition, ESG outcomes and progress are reported annually by ALIVE as part of its Annual Review process.

The ESG action plan consists of an agreement between ALIVE and its investees to improve the company's ESG practices and contains a series of actions that the company must complete in a defined period. Action plans vary depending on the ESG progress of the company and can entail aspects across all three segments of ESG (Environmental, Social, and Governance).





## 6. Excluded Activities

ALIVE will not invest in enterprises involved in the production, trade, or use of the products, substances or activities listed below:

- Non-compliance with workers' Fundamental Principles and Rights at Work<sup>[1]</sup>
- Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
  - Ozone depleting substances, PCB's (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals
  - Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES)<sup>[2]</sup>
  - Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length)
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations
- Destruction<sup>[3]</sup> of High Conservation Value areas<sup>[4]</sup>
- Radioactive materials<sup>[5]</sup> and unbounded asbestos fibers<sup>[6]</sup>
- Pornography and/or prostitution
- Racist and/or anti-democratic media
- Finance any entity for whom its main business activity is related to the following:
  - Alcoholic Beverages (except beer and wine)
  - Tobacco
  - Weapons and munitions
  - Gambling, casinos and equivalent enterprises

<sup>[1]</sup> Fundamental Principles and Rights at Work means (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) prohibition of all forms of forced or compulsory labor (i.e., all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions); (iii) prohibition of child labor, including without limitation (A) that persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working, in which cases the higher age shall apply, (B) that persons under 18 be found fit to work via medical examination, and (C) the prohibition of persons under 18 from working in hazardous conditions (which includes construction activities) or from working at night; (iv) elimination of discrimination in respect of employment and occupation, where discrimination is defined as any distinction, exclusion or preference based on race, color, sex, religion, political opinion, national extraction, or social origin. (International Labor Organization: [www.ilo.org](http://www.ilo.org)).

<sup>[2]</sup> [www.cites.org](http://www.cites.org).

<sup>[3]</sup> Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

<sup>[4]</sup> High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>).

<sup>[5]</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

<sup>[6]</sup> Excluding the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.

- Forestry projects or operations that are not consistent with the Inter-American Development Bank's Environment and Safeguards Compliance Policy (GN-2208-20)
- Persistent Organic Pollutants (POPs)<sup>[1]</sup>
- Drugs other than those used for medical purposes
- Coal prospection, exploration, mining or processing
- Oil exploration or production
- Standalone fossil gas exploration and/or production<sup>[2]</sup>
- Transport and related infrastructure primarily<sup>[3]</sup> used for coal for power generation
- Crude Oil Pipelines
- Oil Refineries
- Construction of new or refurbishment of any existing coal-fired power plant (including dual)
- Construction of new or refurbishment of any existing HFO-only or diesel-only power plant<sup>[4]</sup> producing energy for the public grid and leading to an increase of absolute CO2 emissions<sup>[5]</sup>
- Any business with planned expansion of captive coal used for power and/or heat generation<sup>[6]</sup>
- Manufacture and marketing of products for direct abortions; manufacture of pharmaceutical agents whose sole purpose is their use as an abortifacient or for the destruction and/or cryopreservation of human embryos; or participation in the funding of embryonic stem cell research.
- North American or Australian real estate investment trusts
- Supply, production, sale or distribution of contraceptive or sterilization agents or devices for men or women
- Commercial logging operations with raw materials from the primary tropical humid forest or the primary tropical dry forest
- Production or trade in wood or other forest products that do not come from sustainably managed forests

<sup>[1]</sup> Defined by the International Convention on the reduction and elimination of persistent organic pollutants (POPs) (September 1999) and presently include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex, and toxaphene, as well as the industrial chemical chlorobenzene ([www.pops.int](http://www.pops.int)).

<sup>[2]</sup> Gas extraction from limnically active lakes is excepted from this exclusion.

<sup>[3]</sup> "Primarily" means more than 50% of the infrastructure's handled tonnage.

<sup>[4]</sup> Investments (up to a maximum of 20% of the fund) in new or existing HFO-only or diesel-only power plants are allowed in countries that face challenges in terms of access to energy and under the condition that there is no economically and technically viable gas or renewable energy alternative.

<sup>[5]</sup> I.e. where energy efficiency measures do not compensate any capacity or load factor increase.

<sup>[6]</sup> This does not apply to coal used to initiate chemical reactions (e.g., metallurgical coal mixed with iron ore to produce iron and steel) or as an ingredient mixed with other materials, given the lack of feasible and commercially viable alternatives.





- Production or activities that affect the ownership of territory or land belonging to indigenous peoples, or claimed by them for adjudication, without the full documented consent of said peoples
- Operations in protected areas with special legislation when the operation has the potential to jeopardize the purpose for which the protected area was created.
- Activities that involve the introduction of exotic species and/ or genetically modified organisms (GMOs) without having the corresponding technical studies and authorization to enter the country by the pertinent regulatory institutions.
- Political activities
- Hostile takeovers
- Crypto assets and/or cryptocurrencies

# Thank you

