

**LAP Latin American Partners**  
**Disclosure Statement <sup>1</sup>**  
**Operating Principles for Impact Management**  
**December 2025**

LAP Latin American Partners (“LAP”) hereby affirms its commitment to follow the Operating Principles for Impact Management (the “Impact Principles”) for all assets managed in alignment with them. As of the date hereof, LAP has not yet launched a new fund or made any new investments since becoming Signatory to the Operating Principles for Impact Management and therefore it has no managed assets strictly in alignment with the Impact Principles. Any new fund to be launched or investment to be made by LAP subsequent to its adherence to the Impact Principles in November 2022 will be subject to an impact framework to ensure that each fund’s investment strategy and operations are aligned with the Impact Principles. LAP has now developed an IMM system to be implemented as impact assets are assessed and incorporated to its portfolio.

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<sup>1</sup> The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

**Principle 1 – Define strategic impact objective(s), consistent with the investment strategy.**

*The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.*

LAP Latin American Partners (“LAP”) is an asset manager specialized in Latin America. It operates with headquarters in Washington D.C. and regional presence in Mexico and Honduras. The team has decades of experience in private equity and private debt (mezzanine and other quasi-equity instruments) covering a variety of high-impact sectors, including traditional infrastructure (power, transportation and logistics, telecom, and water) and natural resources (including agribusiness and alternative proteins), with a track record of origination, execution, portfolio management and divestment. LAP is an investment advisor registered with the U.S. Securities and Exchange Commission (“SEC”).

Through a variety of financing structures, LAP seek to invest in private companies and projects in the above-mentioned sectors with growth potential, a well-defined business strategy, strong fundamentals, an attractive competitive position, sound management teams, and strong ESG credentials. Ultimate goal is to provide investors in LAP-managed funds an attractive risk-adjusted return while contributing to the economic development in the Latin American region.

LAP’s current assets under management are comprised of investments made through two currently active funds (the “LAP-managed funds”). The LAP-managed funds have targeted Central America, Mexico, Colombia and the Dominican Republic and are well beyond their investment periods. No fund has been launched or investment been made since LAP became a signatory of the Impact Principles and LAP does not yet have any assets under management under an impact-dedicated fund or strategy.

The investor base of the LAP-managed funds is comprised mainly of development finance institutions (DFIs) and therefore the funds aim to adhere to certain ESG practices, as set forth in their constitute documents and both fund’s constitutive documents; these practices cover environmental, social, health, safety and labor aspects. Each fund has an environmental and social management system in place. Ultimately, each of the LAP-managed funds aim to ensure that investee companies comply with the Performance Standards (PS) of the International Finance Corporation (IFC) which is accomplished through specific covenants and other obligations established in the transaction documents between each funds and its respective portfolio companies. PS provide a comprehensive framework on how to identify risks and impacts, and are

designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations.

LAP-managed funds invest in private enterprises which can generate a positive development impact in Latin America and contribute towards the following priority impact strategy: good jobs and economic growth (SDG 8).

Because of the sectors in which it invests, LAP-managed funds may also contribute toward one or more of the following impact areas: zero hunger (SDG 2); good health and well-being (SDG 3); gender equality (SDG 5); clean water and sanitation (SDG 6); affordable and clean energy (SDG 7); industry, innovation, and infrastructure (SDG 9) and climate action (SDG 13).

Any new fund to be launched by LAP subsequent to its adherence to the Impact Principles in November 2022 will be subject to an impact framework to ensure that each fund's investment strategy and operations are aligned with the Impact Principles. LAP expects its first verification under the Impact Principles to occur following the establishment of a new fund.

## **Principle 2 – Manage strategic impact on a portfolio basis.**

*The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.*

LAP's approach to managing impact on a portfolio basis is embedded in the investment process of LAP-managed funds. ESG factors are considered in the decision-making process throughout the cycle associated to each individual investment, from screening, due-diligence, negotiations, and documentation, to monitoring and exit. Each current LAP-managed fund is subject to policies and procedures established in a fund-specific environmental and social management system.

LAP's process to manage risks at the portfolio level includes evaluating the impact of the portfolio, promoting business initiatives to encourage sustainable practices, and monitoring the impact at the individual investment and portfolio levels. LAP-managed funds promote compliance with applicable IFC PS by investee companies.

To monitor progress towards the impact contribution at company and portfolio level, LAP collects the information from the portfolio companies annually, aggregates data on a portfolio basis, generates an annual compliance report to investors, and may generate a portfolio impact report from time to time.

Each member of the investment management team is responsible for integrating ESG and impact considerations into the investment process; this may be reflected in annual performance reviews

of individuals working on the portfolio. LAP's active management approach to asset management, centered on working alongside management and company's sponsors in incorporating ESG and impact matters for risk management and value creation, is a key aspect of LAP's impact management approach.

During 2024 LAP finalized the design of an impact monitoring and measurement system as a first step for the future implementation of the Fund's Impact Management Framework that will improve our alignment to the Operating Principles for Impact Management. As a future impact fund is launched or impact investments are made, this newly developed LAP's IMM (pending implementation) provides a full iterative process setting a strategy, identifying how to measure progress, establishing how to measure/monitor/management impact results, and promoting learning/adjustments/communications to aim at continuous improvement.

### **Principle 3 – Establish the Manager's contribution to the achievement of impact.**

*The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.*

Increasing private investments in the infrastructure and non-infrastructure sectors covered by LAP-managed funds, especially equity and quasi-equity funding, is essential to the sustainable development of Latin America. The Inter-American Development Bank estimates that the region must invest a minimum of US\$2.2 trillion over the next decade between 2020-2030 to achieve the Sustainable Development Goals (SDG) by 2030.<sup>2 3</sup> By adhering to the investment and management process explained in this document, LAP-managed funds aim or will aim (as applicable) to positively contribute to a more sustainable development of the region. LAP does not currently manage an impact-dedicated fund per se, but its active funds follow fund-specific environmental and management systems and as such incorporate impact aspects generally although they are not governed formally by LAP's adherence to the Impact Principles which the pre-date.

The financial channels used by LAP to promote and contribute towards its impact strategy is primarily through making equity and quasi-equity funding (mostly mezzanine debt) available to private companies and projects operating in high-impact sectors in Latin America. This type of long-term funding, often scarce in Latin America, is typically used to fuel growth through capital expenditures, working capital, operational expenses, and other needs such as acquisitions,

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<sup>2</sup> Cavallo, Eduardo A.; Powell, Andrew; Serebrisky, Tomás (2020). "From Structures to Services: The Path to Better Infrastructure in Latin America and the Caribbean". Inter-American Development Bank, Washington DC

<sup>3</sup> Brichetti, J., Mastronardi, L., Rivas, M., Serebrisky, T. and B. Solís (2021). "Investment needed through 2030 to meet the Sustainable Development Goals". Inter-American Development Bank, Washington DC

recapitalizations and refinancings. LAP's flexible approach in the structuring of investments allows it to support sponsors and businesses who traditionally struggle to mobilize funding from financial partners and whose growth plans may not otherwise be fully developed. Throughout the investment cycle, every investment by a LAP-managed impact fund will be subject to screening, due diligence and documentation requirements to be reflected in a fund-specific impact management system, which will align with LAP's impact narrative.

LAP's current active management approach is also a fundamental aspect of LAP's strategy to achieve positive impact. The investment team develops a working relationship with sponsors, founders and portfolio companies' management teams to provide direct input and support in matters related to the ultimate impact of those businesses supported by LAP-managed funds, including strategic planning, financial management, organizational structure and corporate governance. LAP also engages with investee companies to strengthen their internal capabilities on ESG matters and set ESG agenda. Those can include working with investee companies to improve gender diversity in their leadership and workforce, improving value chains, and ensuring equal recruiting, promotion, and pay opportunities. Same active management approach is expected to be applied to future impact-dedicated funds.

#### **Principle 4 – Assess the expected impact of each investment, based on a systematic approach.**

*For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.*

LAP does not yet have any capital under management under its impact strategy. No impact-dedicated fund has been launched or investment made since LAP became a signatory of the Impact Principles and active funds under management by LAP were well beyond their investment period at that time. LAP is in the process of applying certain impact considerations into its currently active funds, which are managed under specific environmental and social management systems promoting alignment with IFC PS. The following describes LAP's commitment to the impact management and measurement system currently under development.

LAP will incorporate comprehensive impact considerations at each stage of the investment cycle for each prospective or actual investment. Screening will determine on a preliminary basis the impact profile and impact potential of the investment to confirm the prospective investment could generate positive impact under LAP's strategic priorities. During due diligence LAP will develop a deeper impact profile of the investment and analyzes the type and scale of impact the investment can generate. At that point LAP will identify appropriate impact KPIs to monitor during the life of the potential investment if undertaken. Metrics will be aligned with IRIS+ framework or other equivalent systems. Impact metrics include sector-specific KPIs. Impact potential will consider the financial projection of the business which will affect the scale of impact.

Any investment will include requirements to report impact metrics (company specific indicators) on a periodic basis appropriate for each type of business, so LAP can monitor impact progress over time and against targets.

LAP will manage a portfolio impact dashboard that tracks the achievement of impact goals for the entire portfolio. It is expected that investors will periodically request additional impact information in accordance with their own policy requirements.

As explained in detailed in Principle 5 section, currently active fund managed by LAP are subject to fund-specific environmental and social management systems setting requirements in regards to environmental, social, health, safety and labor aspects of investments by those funds. Requirements cover the entire investment cycle. While management systems were not developed with the main intent of measuring and managing impact, over time LAP has incorporated development impact aspects into the management of current funds.

During 2024 LAP completed a technical assistance program with an independent expert who helped with the design and structuring of an impact monitoring and measurement system. This was the first step for the future implementation of the Fund's Impact Management Framework that will improve our alignment to the Operating Principles for Impact Management. Under the IMM, LAP will aim to optimize the way it collects and analyzes impact data, to generate business insights that can allow LAP-managed assets to take investment decisions, to capture the development impacts of its investments once active, and to better understand its portfolio companies' needs as well as the impacts of its investments on direct and indirect stakeholders.

#### **Principle 5 – Assess, address, monitor, and manage potential negative impacts of each investment.**

*For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage negative impact risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' negative impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.*

LAP has a comprehensive ESG policy establishing LAP's investment philosophy and the general framework for incorporating ESG matters into the entire investment cycle that it uses to identify and assess potential ESG risks that may arise in each of its investments. LAP is committed to doing business under principles that follow ESG guidelines for responsible investing.

Those principles include: incorporating ESG issues into investment analysis and decision-making processes; being active owners and incorporating ESG issues into ownership practices; seeking appropriate disclosure on ESG issues by investee companies; working to enhance effectiveness in implementing UN PRI; reporting on activities and progress towards implementing the principles; and promoting acceptance and implementation of the Principles within the investment industry.

Implementation of policy is done through dedicated fund-specific environmental and social management systems (ESMSs) defining a set of guidelines, practices, and procedures to be followed by LAP as manager of such fund. Existing LAP-managed funds seek to carry out its investment activities with appropriate considerations for the environmental, social, health, safety and labor aspects related to the activities it finances.

Key elements of an ESMS include but are not limited to: Eligibility (including exclusion list), screening, and categorization of each potential investment according to its complexity of ESG aspects, based on specific guidelines (i.e. category A, category B or category C); Appropriate requirements for due diligence, environmental and social action plans, mitigation, or remediation as appropriate according to the assessment, or rejection of a potential investment; Ongoing monitoring of ESG aspects and compliance with plans; and reporting requirements.

In most cases, funds currently managed by LAP contract third party experts to perform the environmental and social due diligence and, in certain cases, to monitor the investment during the holding period.

Each LAP-managed fund avoids certain sectors and/or specific investment opportunities because of the ESG risk profile of those activities or products/services offered, and/or because of the lack of fit with our investment philosophy. Each fund clearly outlines those exclusions. In addition, we seek to avoid investments for which we believe the ESG challenges may exceed our and/or the prospective company's capacity to assess, monitor or enforce compliance with our ESG standards.

The following link provides access to our existing ESG Policy that covers the current LAP-managed funds:

<https://www.lapfunds.com/wp-content/uploads/2023/08/esgpolicy.pdf>

**Principle 6 – Monitor the progress of each investment in achieving impact against expectations and respond appropriately.**

*The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.*

Please refer to Principle 4 section for the description of LAP's approach under the impact measurement and management framework under development.

As explained, each company in which a current LAP-managed fund is an investor is subject to ESG reporting requirements. Each investment has predefined metrics/KPIs to be reported and those metrics/KPIs are subject to goals in accordance with the assessment performed during due-diligence. LAP's ESG systems standardizes as much as possible across investments and across sectors.

Investee companies are required to report ESG metrics/KPIs and general ESG information per the terms of financing or investment agreements, at least annually. Reports are required to provide additional informational rationale and outlook for ESG aspect of the investment. Some limited impact data is typically collected from current portfolio companies.

At the portfolio level, LAP currently consolidates data from investee companies into an annual portfolio-level impact report, which incorporates selected impact metrics/KPIs as well as quantitative and qualitative contributions. Reports are made available to the Fund's investors. In addition, our investors periodically request additional impact information in accordance with their own policy-specific requirements.

A dedicated IMM for a new impact fund has been developed and will contain enhanced impact requirements for investee companies' reporting, as well as specific requirements for benchmarking and measuring progress against pre-determined goals.

**Principle 7 – Conduct exits considering the effect on sustained impact.**

*When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.*



Exits by LAP-managed funds are dependent on the type of investment structure. In the case of our private debt instruments, these are typically self-liquidating mezzanine loans under amortization plans previously agreed with borrowers and repaid from the companies' operating cash flow, and therefore exits have very limited (if any) impact on the sustainability of the impact. In the case of our equity investments, exits are typically agreed and executed through exercise of previously negotiated exit rights rather than from sale to third parties. Those exit rights are typically contracted with the original owners, strategic partners or investment companies themselves (share repurchase), so business plans continue after exit and therefore there is manageable impact implications from the exit. LAP believe its exit strategies are consistent with the sustainability impact of our investee companies.

In any future impact-dedicated fund or managed-asset and in the context of our newly developed Impact Management and Measurement (IMM) system, LAP intends to enhance procedures regarding impact considerations at exit.

**Principle 8 – Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.**

*The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.*

LAP applies a hand-on approach to portfolio management, working alongside sponsors, founders and portfolio companies' management teams on corporate topics from operations and financial planning to business strategy. Through its active ownership approach influencing the business across multiple aspects, LAP ensures ESG aspects (an to some extent, impact aspects) are properly monitored by existing investee companies.

Once LAP has made an investment, the LAP team has monitoring calls to discuss the ESG performance and conduct ESG follow-up of the investee companies at least annually but more frequently if possible and if deemed appropriate. Investee companies are required to inform the fund regarding any meaningful developments on ESG matters. In accordance with our newly designed IMM and in future LAP-managed funds, LAP intends to strengthen a systematic performance analysis and expand additional impact measuring metrics. LAP reports annually to investors under a ESG compliance report which consolidates and analyzes relevant data from investee companies. One of LAP's current -managed-funds has issued impact reports in recent years. The report contains impact information gathered under our existing ESG policies.

**Principle 9 – Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.**

*The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.*

This Disclosure statement reaffirms the intended alignment of impact management systems of LAP with the Operating Principles for Impact Management. LAP does not yet have capital under management under its impact strategy through any impact-dedicated fund. No fund has been launched since LAP became a signatory of the Impact Principles. Both currently active LAP-managed funds, are managed under comprehensive E&S management systems, and are approaching the last years of existence. Therefore, LAP expects its first verification under the Impact Principles to occur following the establishment of any new impact fund.