

Capital + SAFI Stewardship Guidelines 2022

Capital+ SAFI, under its Responsible Investment policy, establishes the importance of actively managing the portfolio around material environmental and social risks. Given this, and according to the results of the ESG evaluation of the portfolio's investments, the following awareness-raising issues were prioritized at the beginning of 2022:

Climate change

Climate change is currently considered one of the most significant and growing environmental problems. Due to human activity, many of the greenhouse gases have increased in the atmosphere in large amounts causing an increase in temperature. This increase produces important environmental, social and economic changes that many societies and communities are not prepared to face.

This impact makes us reflect on the importance of moving towards more sustainable economies, business as usual is no longer a viable option.

According to data reported to the UNFCCC, Bolivia emitted 92.7 megatons of CO₂ in 2004, a low value compared to the rest of the world. However, the per capita data should alarm us, since it shows that the average Bolivian produced 4.9 tons of CO₂-eq of direct emissions (2004), being the third country that emits more gases per capita in South America. The main sectors that emit greenhouse gases in Bolivia are land use and forestry, agriculture and in third place industrial processes. Likewise, according to the ND-GAIN report on the vulnerability of countries to climate change, Bolivia is among the most vulnerable countries in the region.

As it is a systemic risk, it is essential to raise awareness of its impacts on the companies in our portfolio, as well as the impact of our portfolio on climate change. In this sense, we have started an awareness campaign regarding this issue with the following objectives: i) promoting the reduction of greenhouse gas emissions from the companies in our portfolio to achieve net emissions by 2050 and ii) promote resilience in the potentially most affected sectors of our portfolio.

Deforestation

GHG emissions from deforestation due to the expansion of agriculture and forest products is responsible for 2.6 gigatons of CO₂ emissions per year, or 5% of global GHG emissions. This forest loss plays a major role in accelerating climate change.

Bolivia has been among the countries with the highest tropical forests deforestation in the region and the world for several years, along with Brazil, Peru, the Democratic Republic of the Congo and Indonesia, according to a BBC report, with data from Global Forest Watch. In the 2020 report, Bolivia ranks third in deforestation in the world.

Likewise, from 2002 to 2020, Bolivia lost 3.02 million hectares of humid primary forest, which represented 51% of its total loss of tree cover in the same period. In other words, the total area of humid primary forest in the country decreased by 7.4% in this period of time.

Given the issues exposed, the task ahead of us is to support a fair transition towards deforestation-free and sustainable value chains, which is also an aspect that could have a financial impact on our portfolio. One of the initial tasks within our plan is the development of a map of the key elements and main actors of the ecosystem to engage in dialogue as well as the identification and analysis of the problems related to deforestation in Bolivia. With this information we hope to have a better understanding of how we can support this agenda in a collective collaboration with the mapped actors.

Governance

We consider corporate governance as a fundamental aspect for the achievement of the strategic objectives of any company, as well as the effective incorporation of environmental and social issues. In this sense, we believe that it is essential to promote good governance practices in the companies in our portfolio. To this end, we are dialoguing with our investees regarding the importance of their governance practices and seeking opportunities in the market that can accompany and boost these initiatives.