

Latin American Families With Impact Vision

An Exploratory Study

Presentation

Dear reader,

Family businesses are a key player in the Latin American economy: they represent between 70 and 80% of the gross domestic product of the region. In recent years, many of these business families have decided to direct their efforts and support not only to commercial or productive activities, but also to the social development and environmental conservation through philanthropic or impact investing efforts, using the same rigor and professionalism with which they lead their own businesses.

In view of the increasingly important role that high-net-worth families are playing in the social transformation of Latin America, we thought that it was necessary to undertake a study to understand the motivations, areas of intervention, impact vehicles, and above all, to what extent innovative social change models are being put into practice by these families. This was done with two purposes: to spread best practices, and therefore, motivate more families to get involved impact and to contribute to the positioning of philanthropy and impact investing as key tools for social development in Latin America.

Our impact interventions in the region go back to 2004 when we started to organize the UBS Social Entrepreneur Award in Mexico, and later in Brazil, through which we identified and rewarded social innovation initiatives in those countries. In addition, in 2015, in collaboration with Harvard University, we published the first regional study on philanthropy in Latin America. During these years, we have organized dozens of events about philanthropy in the region, and we have worked with hundreds of clients around maximizing their social impact. This publication is the most recent example of our commitment to Latin America on issues of philanthropy and impact.

This study has been carried out in collaboration with Latimpacto, an organization that was created only three years ago and is already contributing significantly to the strengthening of the impact ecosystem in Latin America by articulating a network of key actors in the region.

We want to thank everyone who has made the realization of this publication possible, especially the families that decided to openly share their motivations, models, and aspirations for impact with us.

We hope that this study contributes to a better understanding of philanthropy and impact investment in Latin America, and motivates new families to join the thrilling mission for social change in the region.



Sylvia B. Coutinho
Region Lead Latin
America and
Country Head Brazil



Kai Grunauer-Brachetti
Head UBS Philanthropy
Services
Latin America

Dear all,

A central interest of Latimpacto is to build and strengthen paths that lead to improving the way human, intellectual and financial resources are invested to transform the living conditions of Latin Americans and to address the climate crisis, which has become increasingly central to investments.

In line with this purpose, the knowledge and experience of families that have led ambitious and innovative initiatives to address poverty, inequality, and environmental degradation are very valuable assets.

For this reason, with the support of UBS, we decided to start exploring how a group of families have diversified the way they use their resources to make investments with social and environmental impact, and have built strategies and initiatives to achieve it. This approach resulted in the descriptive and exploratory study that you currently have in your hands.

The result has been very inspiring, after a challenging process to capture the diverse perspectives of several families. Ten of these families generously allowed us to systematize their journey and share how they invest and implement strategies to generate social and environmental transformations along the continuum of capital. They all share a vision of complementarity between investment for impact and investment with impact.

It is clear for them, as you will see in this document, that beyond the type or investment vehicle, their commitment and values are a priority to achieve a better society and a more livable planet for all. Beyond merely economic factors and with a long-term perspective, they invest flexibly and create entire ecosystems.

I would like to express my gratitude for the enthusiastic and generous collaboration of the 41 families that shared with us their testimonials, and to the 10 that accepted building the case studies included here, hand-in-hand with us. They are the Gerdau and Russo family, from Brazil; the Mustakis family, from Chile; the Echavarría, Restrepo, and Sesana families, from Colombia; the De Sola family, from El Salvador; the Fernández Sánchez-Navarro and Llaguno Garza families, from Mexico, and the Belmont family, from Peru.

I would also like to thank UBS for its interest in supporting this initiative with resources and knowledge; a path that

they already had started to explore with a previous study. I also thank the advisory committee that gave us insights and recommendations to move forward, and of course, to the team with whom we made the study.

With this document, we wish to inspire many families that are only beginning to reflect on how to make investments that generate the greatest impact, as well as open an opportunity to encourage an active dialogue around this issue.

This is just the starting point for further studies where we will go deeper in topics that are posed here, and that will allow us to continue strengthening our role of providing knowledge and connections to families, and with it maximizing the impact that is generated with the capital deployed towards social and environmental causes.



María Carolina Suárez Visbal
CEO
Latimpacto

Acknowledgements

UBS and **Latimpacto** are especially grateful to the 41 families, their friends, colleagues, and close collaborators who participated in this study for their inspiration and commitment to generating initiatives with a clear impact orientation. Without their contributions, carrying out this report would not have been possible. Today, it constitutes a springboard of innovative ideas for others families interested in creating broader and more sustainable impact with their social investment.

Out of that group, we would like to especially acknowledge the 10 families chosen for the realization of the case studies for their generosity in sharing their strategies in greater depth.

- Belmont Graña family, Peru
- De Sola family, El Salvador
- Echavarría Olózaga family, Colombia
- Gerdau Johannpeter family, Brazil
- Llaguno Garza – Riisa family, Mexico
- Mustakis family, Chile
- Restrepo family, Colombia
- Russo family, Brazil
- Sánchez-Navarro family, Mexico
- Sesana family, Colombia

The present study was done by Latimpacto's research and knowledge management team with the support of UBS, and the guidance of an advisory committee, to which we extend our sincere gratitude.

Last but not least, the team of the study extends special thanks to UBS for its financial support to this research and colleagues at UBS who were instrumental in providing advice and guidance throughout this project. UBS played an important supporting role while respecting the independence of the researchers.



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Executive Summary

The Latin American Families with an Impact Vision study aims **to identify and systematize the success stories and best practices of high net worth families that make social and environmental investments in the region** with the purpose of inspiring other families, contributing to maximize the use of the available capital, and strengthening the ecosystem of investment with an impact lens.

The study focuses on the investments that these families make along the continuum of capital, from traditional financial investments towards different impact strategies: conventional investments with ESG criteria, impact investments, investments for impact, and traditional philanthropy.

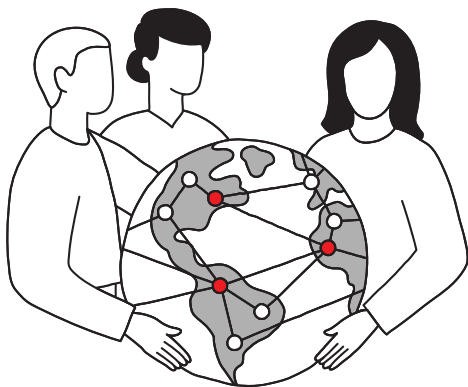
The findings of the study were classified in 4 dimensions: motivation and values, governance, impact focus, and learnings.



Motivation and values

The intention to create positive impact in their surroundings arises from a feeling of responsibility and gratitude that evolves towards a formal strategy with the participation of family members from different generations.

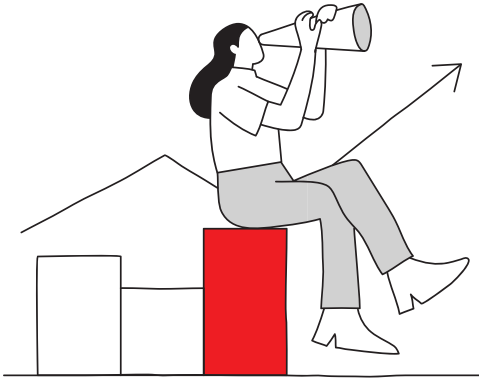
The various approaches of the families show 2 main motivations: deploying their investment along of the continuum of capital, and collaborating to amplify the impact.



Governance

In all cases, collaborative spaces were sought wherever it is possible to have the participation of family members from several generations and include thematic and methodological experts.

These spaces encourage the development of conversations with various perspectives, knowledge, and levels of sophistication. There is no single structure for making decisions.

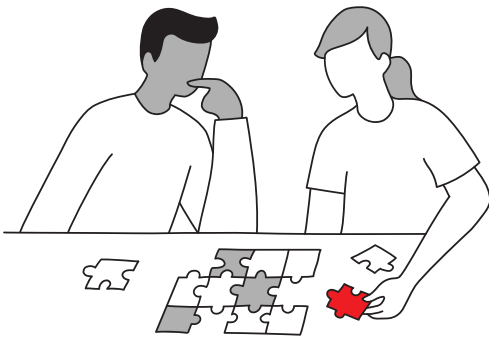


Impact focus

The families' efforts are focused on finding systemic and flexible solutions giving a more strategic use to their resources and great importance to collaborative work.

Investments are made through their companies, family offices, foundations, family funds, and independent funds, where they use various vehicles and instruments, often combining more than one according to their needs and goals.

Investments are made mainly in areas related to basic needs in each country's context, such as education, health, housing, infrastructure, and employment. Over time, others have been incorporated, such as entrepreneurship, gender, LGBTQI+, migration, culture, and climate change. Some families have taken the role of ecosystem builders.



Learnings

Five important learnings stand out: taking advantage of the knowledge of various generations; assuming a catalytic role in the ecosystem; having adequate governance; managing and measuring the impact in a rigorous, and open manner to promote constant learning.

Families consider that the (traditional and strategic) philanthropy, investments with ESG criteria, and impact investments do not compete, but rather complement each other.

They pointed out the importance of developing knowledge management models to benefit from the learnings accumulated along generations.



In conclusion

5 roads to improve impact

- 1 Continuing exploring new forms of impact investment with an impact lens.
- 2 Strengthening the measurement of impact.
- 3 Promoting continuous learning and collaboration.
- 4 Expanding themes and investment areas.
- 5 Boosting the role of families as catalysts of change.

How was
the study made?



Focus of the study

This is an exploratory qualitative study which aims to identify and systematize successful cases and best practices of high-net-worth Latin American families that carry out social and environmental investments in the region. It aims to inspire other families to maximize the use of available capital and strengthen the ecosystem of investments with an impact lens in Latin America.

This builds on a previous study, "De la Prosperidad al Propósito"/"From Prosperity to Purpose" developed by UBS and the Hauser Institute at Harvard Kennedy School in 2015, which focused on the philanthropic practices of high net worth individuals in Latin America.

The objective is to systematize success cases of Latin American families that make social and environmental investments in the region with the aim of inspiring other families to maximize the use of available capital and to strengthen the impact investment ecosystem.

As evidenced in the 2015 study, individuals and families with greater purchasing power have a clear intention to contribute strategically in the search for solutions to social and economic challenges that persist in our region, and achieve a greater impact with their investments going from "economic success to social importance." (UBS, THI, 2015)

The present study takes an exploratory approach to the role of families in making investments with an impact lens by analyzing how they begin to get involved in impact investments and venture philanthropy, and by exploring their journey through the deployment of their capital and management of their portfolios along the continuum of capital.

The relevance of this study is amplified by the fact that, as presented in a recent study by the ECLAC and the World Economic Forum, social and political challenges of the region became more acute with the COVID-19 pandemic:

- Government revenue lost dynamism in 2021 and 2022, because of the slowdown in the collection of taxes. (WEF, 2022)
- The global context of post-pandemic and the big planetary threats require a reactivation with a focus on sustainability and inclusion. (ECLAC, 2022)
- The GDP of Latin America and the Caribbean returned to its path of low growth in 2022 in an international context that has become more complex due to the war in Ukraine and limited space for monetary and fiscal policy. (WEF, 2022)

Therefore, it is very useful to capitalize the specific experiences of the families of the region and their asset management strategies to maximize the use of available capital, and therefore help to give effective solutions to pressing social and environmental problems in Latin America. In this process, for some families, the generation of financial returns alongside social and environmental impact plays a relevant role, as the returns can be reinvested in projects that generate further impact.

There is an opportunity, especially among younger generations, to deploy more catalytic capital, which is characterized as patient, flexible, and risk-tolerant investment. This could have an important contribution to closing the financing gap to achieve the Sustainable Development Goals, currently estimated at between USD 5 to 7 billion annually. (United Nations United, s.f.)

The study has been organized in 3 parts: the first section presents the general results. The second section presents the case studies of 10 families that participated in the process. The third presents our conclusions.

Methodology

Approach

This study takes a qualitative and exploratory approach to systematize best practices in terms of social and environmental investments in Latin America, and to present how families build this approach into their investment strategies.

Data collection was done through an in-depth survey and interviews, as well as the review of secondary sources (background and internal documents of the families).

Focus of analysis

Latin American families with high net worth and a recognized track record in philanthropy and social investment.

Sample

51 persons participated in this study, which contributed in various ways:

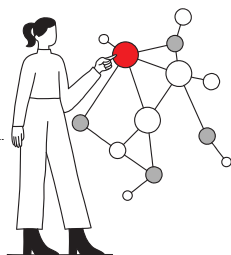
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Interviews conducted



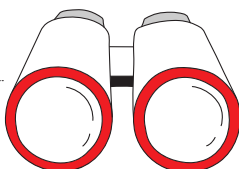
12

Survey responses



10

Case studies



Coverage

Ten countries in the region: Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, Mexico, Peru, Puerto Rico, and Dominican Republic. Six of them contributed case studies.



An aerial photograph of a rural landscape. A dirt road curves through the scene, separating a field of golden-brown, harvested crops on the right from a field of green, growing crops on the left. In the center of the golden field, there is a distinct circular pattern, possibly a well or a specific agricultural feature. The overall scene is bathed in warm, golden light, suggesting late afternoon or early morning.

Main findings

The impact perspective¹

The concept of investment with social and environmental impact includes a wide range of investment profiles. In 2017, the Omidyar Network undertook an analysis of its investments made with a genuine interest in generating impact and considering the needs of the market. To this end, it created the continuum of capital. The Network analyzed its investment portfolio “which extends from completely commercial investments in one end to philanthropic grants on the other, and includes a wide spectrum of viable investment profiles, some of which involve a compensation between the social performance and the financial impact, and many that do not.” (Omidyar Network, 2018)

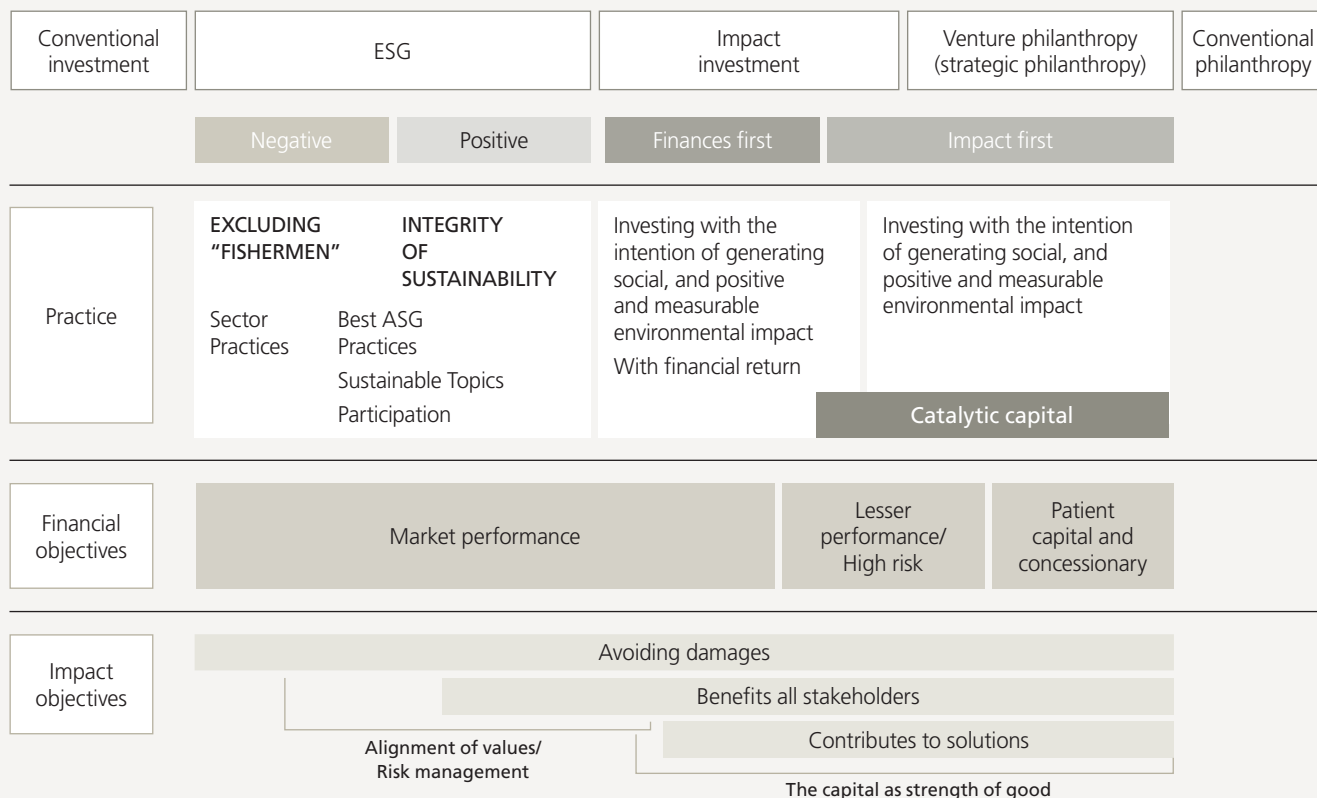
The first category of the continuum starting from traditional financial investments towards the impact lens are sustainable, ethical, or responsible investments that apply ESG standards,

whether for environmental, social, and governance risk mitigation, or the search for opportunities to generate value in these aspects.

Then comes the impact investment that refers to “the investments carried out in companies, organizations, and funds with the intention of generating social or environmental impact along with financial return.” (Rockefeller Philanthropy Advisors, s.f.) However, not all social and environmental challenges can be addressed with impact investments, which expect a financial return. We need to have investors and philanthropists who are willing to give up some of their returns to generate greater social and environmental transformations.

Investing for impact or venture philanthropy seeks to prioritize social and environmental benefits over economic ones. It

The continuum of capital



Source: Adaptation of Latimpacto.

¹ For the drafting of the chapter herein, the article “El entendimiento de la generación de impacto a lo largo del continuo de capital”/“Understanding the generation of impact along the continuum of capital” written by Latimpacto’s C.E.O. for the 1st edition of Enciclopedia de Sostenibilidad, Ética y Responsabilidad Social Empresarial de Latinoamérica was taken as reference.

is associated with the ability to generate change in local communities, and even the possibility of scaling solutions to the global level, integrating from the beginning risks and externalities that no other actor would typically be willing to assume. Investors for impact, who are mostly philanthropists, play a fundamental role in addressing problems for which there are no commercially viable solutions or where market rules prevent most entrepreneurs from entering.

We need to have investors and philanthropists willing to give up some of their returns to generate greater social and environmental transformations.

Families participating in this study have their portfolio distributed along the continuum of capital, including the extremes of purely financial investments and traditional philanthropy. Also, some families have adopted investment strategies that use catalytic capital² to address social and environmental issues.

In addition to providing financial resources, impact investors can provide knowledge and non-financial support. This support helps to scale and professionalize the social and environmental sector to increase their resilience, develop talent and competencies, manage and measure impact, and have better access to the ecosystem or to new markets with the purpose of guaranteeing durable social and environmental

impact. Impact investors can bring the best of the commercial world and use it to improve impact generation.

Today, considering the numerous innovations by high net worth families, it is evident that the financial market is more willing to address social and environmental challenges, and that it is possible to better integrate financial dynamics with the challenges of our society and the planet. This has been made possible by the work of many actores, including families, who, through programs and projects assume greater risks to create new markets and present results that enable them to continue growing.

In line with the critical concept of deploying investments along the entire continuum of capital, several financial tools may be used. An investor can combine grants, debt, and equity across multiple investments within a portfolio to achieve a deeper social impact. It is also possible, however, to work with key partners and collaborators who are also willing to invest complementarily along the continuum of capital.

A combination of instruments can also be used, such as blended finance, which allows investors with different impact and financial priorities to work synergistically in a single project to maximize the objectives of both.

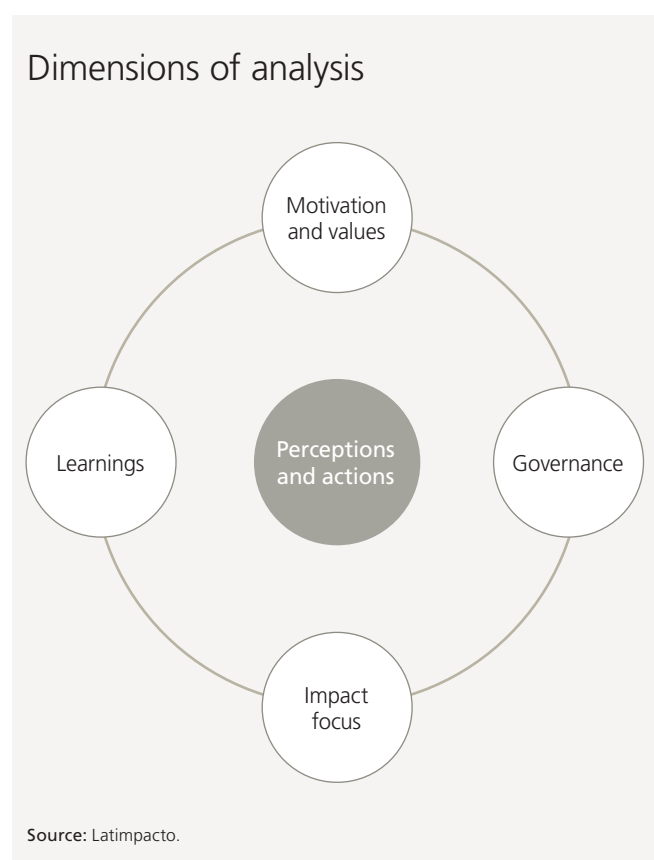
The interaction of investments along the continuum of capital shows us that a vibrant ecosystem that promotes social and environmental transformation requires investment for impact and philanthropy to go beyond binary worlds. Investors should look at how their portfolios are distributed along the continuum, according to the risk, the level of commitment to impact, and the expected financial return.

² **Catalytic capital:** Debt, capital, donation, or other type of investment made by a foundation, an international organization, or a social investor to mobilize greater investment by private parties. This capital characterizes by been patient, flexible, and more tolerant to risk. Source: Latimpacto glossary.

Main findings

The interviews conducted for this study focused on the perspectives and activities of the families to deploy their resources along the continuum of capital.

The information collected was classified in 4 dimensions.



Case studies are organized according to these dimensions for better comprehension and comparability.

Overall the study shows that high-net-worth Latin American families took a broad approach to investing their resources along the continuum of capital to better use their assets to honor their commitment to generate social and environmental changes and contribute to improving the quality of life in their countries.

The study shows that high net worth Latin American families took a broad approach to investing their resources along the continuum of capital to better leverage the impact potential or their asset allocation.

Motivation and values

The history of each family plays a central role, with the values of the first generation as entrepreneurs passed on as a legacy throughout. This influences the most strategic decisions aimed at balancing risks and social, economic, and environmental benefits.

For most of the families, the intention of generating positive impact in their environment is born of a sense of responsibility and gratitude, which over time becomes an orderly and formalized strategy with the participation of members of different generations.

The dynamics and motivations for making impact investments is different across generations. In older ones it is typically associated with an ethical behavior, while younger ones tend to be more focused on metrics-based sophisticated decision-making.

Younger generations tend to be more clear about having multiple strategies to fulfill their commitment to society and the planet, and to be more open to exploring innovative mechanisms and vehicles, both from a financial and legal perspective, to mobilize the resources managed by their family offices towards that end.

It is well known that these younger generations want to better align their investments with their social and environmental interests, and with it make a more sustainable use of their portfolio. This perspective has laid bare differences of opinion that need to be addressed collectively by the family, whether in a monthly family meeting to align expectations, or in internal informal conversations that sensitize family members about the importance of moving forward in the same direction while maintaining alignment with the values that have characterized the family since earlier entrepreneurial generations.

This is also a reflection of the historical context, as impact investments are still in their early years. In this sense, it is not a matter of showing that the new generations are better or more innovative, but rather to highlight the multitude of ways in which different generations incorporate their knowledge to promote changes and improvements.

The families that participated in this study associate generating impact with a series of internal values, like teamwork, solidarity, transparency, responsibility, and care.

They consider that business and family success go further than economic aspects. They value the family experience as a platform that, together with empowerment, knowledge management, diversification, and connection with local communities, allows their efforts to achieve significant impact, strengthening the relationship between the company and the family, boosting innovative solutions, and contributing to the sustainable development of society.

The families that participated in this study associate generating the impact with a series of internal values, like teamwork, solidarity, transparency, responsibility, and care.

As pointed out by Linda Rincón from The ImPact, “the issue of investing with impact has become “the rule,” which is a dream come true for those of us who have been working in this industry for some time. Today, there is no investment committee where the consideration of social, environmental, and governance risks are not mentioned. This has permeated families in the region, who naturally have a longer term perspective than more conventional investors. Families see their capital not only as a means to maintain financial stability, but as a way of transmitting their values and building their legacy, which makes them natural long-term investors.”

There also seems to be a high sensitivity to generating more sustainable societies, leading these families to rethink the way they invest and leading to the question of how they understand impact.

To address it, it is important to highlight that investment with impact is a new concept for older generations, who tend to talk about responsible or ethical investment. The generational transition has led to greater commitment to addressing global challenges and to better connections between global agendas and the family vision.

To achieve it they rely on international references, such as the SDG, the B Corp Certification, and ESG and GRI standards, as decision-making frameworks. In the cases included in this study, 3 families stated that their companies are certified B Corps, which demonstrates their commitment to impact, beyond their investment strategies. Also, 3 families mentioned

that they use ESG criteria in their investment decisions and 10 claimed to have made impact investments.

The various strategies adopted by the families show two main motivations: deploying their capital along the continuum of capital and collaborating to amplify impact.

1 Capital deployment along the continuum: Even though some families stated their intention of strengthening resource allocation in impact investments, the majority use different strategies to address the issues they care about, depending on what is more relevant.

In this way, they recognize that it is not about transitioning from philanthropy to impact investment, but rather coexistence or complementarity, since not all problems can be solved through a business model, and each one requires various abilities and resources.

2 Collaboration: All families state that they need to work with allies to address socio-environmental issues. Some, such as the Mustakis, Sánchez-Navarro, Restrepo, and one family from Brazil who preferred not to be named, are starting to speak more openly about and adopt more strategically practices around collaboration such as systemic change and collective change.

Also, families, such as the Sesana family state a concrete alignment with the 2030 Agenda, which provides a global compass to their strategies.

Additionally, it is worth highlighting that they leverage generational diversity in their decisions and actions, since it contributes to the integration of varied knowledge and approaches to problems.

Interviewed families stated that internally, there is not always full consensus on the paths to generate impact. For this reason, they emphasize that impact can occur without a consensus among the members of different generations, leading to divergent strategies and/or vehicles to materialize it. Even though it may put at risk the singular strategic vision for the use of the family wealth, it enables families to explore new strategies and methodologies. In some cases, these divergences end in individual actions without affecting their collective commitment. This is how families, as a set of people with their own motivations, must seek a balance between flexibility to cover them all, and the uniformity to have a focused action.

As evidenced in some cases, older generations tend to view impact as charity, giving back to society, and sharing with socially or economically disadvantaged communities.

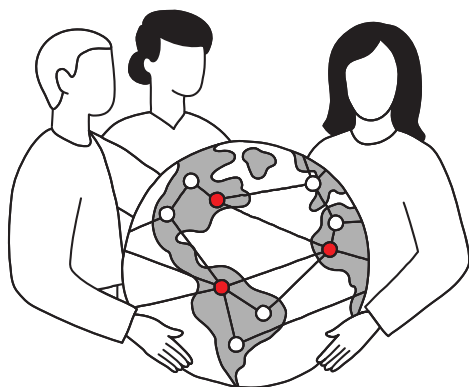
Younger generations maintain some of that, but they do not associate it any more with charity as a result of religious beliefs; they associate it with investment strategies, which create the possibility of returns which can then be reinvested, therefore maximizing impact.

Also, 97.6 % of the families surveyed stated that their actions are aligned with the values instilled from the entrepreneurial first generations.

Governance

There is a diverse range of decision making practices both in terms of structure and frequency. Some families, for example Russo from Brazil and Mustakis from Chile, have an investment committee. Others, such as the Sesana family from Colombia, have investment advisors to define and pursue the strategy.

On the other hand, Luker Foundation of the Restrepo family and Fundación Corona of the Echavarría family, both from Colombia, have family members making up 50% of the seats at the board of directors and 50% by external experts. Other families choose to have a Family Council, such as the Llaguno Garza of Mexico.



This shows that there is no single structure for decision making. However, in all cases, there are collaborative spaces where it is possible to have the participation of family members from several generations. Also, there is a tendency to include thematic and methodological experts, thus promoting the development of conversations with various perspectives, knowledge, and levels of sophistication.

By encouraging the participation of various voices, these decision-making spaces foster the strategic alignment and promote an environment conducive to dialogue and exchange of ideas. This collaborative approach contributes to the continuous learning and the exploration of new tools and solutions that push the positive impact of the families. A good example of this is the case of the Sánchez-Navarro family, who founded CO_Capital so that other families could get engaged. The intention was not to achieve individual market dominance, but to create a collaborative initiative for the largest capital owners in Mexico.

The inclusion of external advisors and investment committee members has become an efficient strategy to mitigate potential family tension. Having external experts' perspectives in investment decision-making allows for more objective assessment of opportunities and reduces any bias due to family dynamics. This practice strengthens the solidity and impartiality of the process allowing the family to decide, in an informed manner that is aligned with its vision and values.

There is no single structure for decision making. However, in all cases, there are collaborative spaces where it is possible to have the participation of family members from several generations.

A good example of this, mentioned above, is the Restrepo family from Colombia, who have 50% of the Board of directors' seats held by family members and 50% by external experts.

The search for creating deeper and broader impact has, in turn, unified the most outstanding attributes of each generation: on the one hand, the older generations' knowledge and managerial experience; on the other, the younger generations' desire to accelerate change and a greater appetite for risk.

In this panorama, the impact investment arises as an interesting bet made with the intention of generating social and environmental impact along with financial performance (GIIN, 2012), which is generally reinvested in new impact projects. Most of the families interviewed are assigning a percentage of their wealth to impact investment. This is the case of the Mustakis family, from Chile, which uses 15% of its endowment to make social impact investments.

However, it is important to note that some families perceive that their financial advisors operate from a traditional perspective —aligned to traditional capital markets— and have insufficient knowledge in the field of impact investment, which prevents them from adequately assessing the opportunities available to generate profit and social or environmental impact.

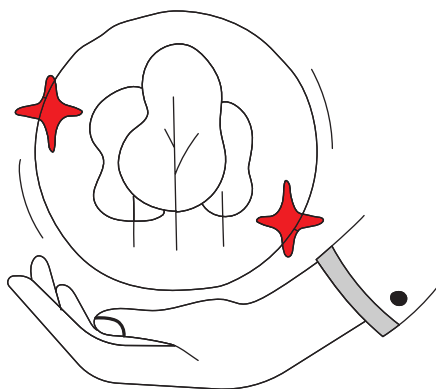
Impact focus

Impact investment vehicles

When consulting families about vehicles and instruments to manage impact, it is evident that there is no single answer. Even though some prioritize the management of programs from the perspective of strategic philanthropy, others use an impact investment lens. Nine of the 10 families have a mix between these two categories along the continuum of capital, demonstrating an interest for sophisticating the processes of impact management regardless of the vehicles that they use.

In general, families show that their efforts are aimed at finding systemic and flexible solutions seeking to give them a more strategic edge, using financial markets to better deliver impact.

In this perspective, with no exception, the families consulted spoke of the importance of collaborative work. Four of them explicitly highlighted the importance of public-private alliances. Some families referred to the need for jointly working with civil society, like the Llaguno Garza family, from Mexico, or with international cooperation, like the De Sola family, from El Salvador, to achieve structural changes in the complex problems that afflict the region.



To mobilize these collaborations, and in general their impact investments, families contribute resources through their companies, Family offices, foundations, family funds, and independent funds. They use diverse vehicles and instruments, often combining more than one, according to their needs and objectives, with donations, debt and equity being the most common instruments, and endowment funds and blended finance the most used vehicles and structures. There are also investments made through venture capital and private equity funds, direct investments, and pay-for-results mechanisms. One of the outstanding projects in this sense is SIBs.Co, the first program in Latin America to implement Social Impact Bonds. This program was financed by the IDB Lab and the Swiss economic cooperation SECO, and is implemented by Fundación Corona of the Echavarría family from Colombia, with the support of public and private actors.

According to Linda Rincón, “families in the region have gone from making “experimental” investments with these models to building robust and intentional impact investment portfolios that reflect their impact objectives as fundamental part of their investment policies.” This is evident in the conversations with the families, given that 9 out of 10 cases stated that they are working on impact investment models within their portfolios.

In addition to this, some families explore innovative alternatives, such as social impact bonds, carbon credits, or managing ecosystems that seek to be replicable and scalable. This is the case of the Restrepo family and its program to contribute to rural development through the strengthening of value chains.

Family offices, as promoters of change and social innovation, are increasingly being used to explore investment vehicles in a more strategic way focusing on generating impact.

This enables families to activate their intervention strategies by integrating a long-term perspective and using their capital to convey their values and build their legacy.

Furthermore, they are interested in applying innovative social investment models that allow them to take maximum advantage of their capital to support communities and causes close to their interests that may not be ready to receive impact investment due to the context or issue area. One such case is the Belmont family, from Peru, which provides donations to Casa Magia, an association of volunteers that works with children with cancer. The project was able to become not only an impact investment with some return expectation in their portfolio, but also a materialization of the family's commitment to closing the social and environmental gaps by deploying their strategies throughout the continuum of capital.

Topics where impact investment prevails

Pablo Alonso Aja, partner and general director of Eurocapital Wealth Management, highlights that “in the past 3 years we have seen increasing interest by various Latin American family groups in incorporating sustainable investment funds focused on themes that generate a positive impact for society, such as the energy transition, circular economy and financial inclusion.”

Family offices, as promoters of change and social innovation, are increasingly being used to explore investment vehicles in a more strategic way.

While the investment areas that generate greater interest among the families interviewed are related to basic needs, generally linked to their country's context, such as education, health, housing, infrastructure, and employment, over time additional themes have been incorporated, to different extents, such as entrepreneurship, gender, LGBTQI+ population, migration, culture (Mustakis family), climate change, and ecological resilience (Russo family).

It is interesting to note that seven of the 10 families have programs that integrate various themes with the objective of generating simultaneous social and environmental impact, for example through investment and technical support to rural entrepreneurship.

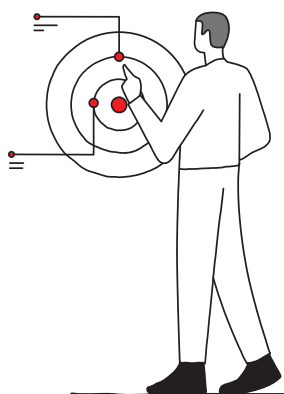
Finally, it is important to highlight the commitment of some families that have assumed the role of ecosystem developers³, such as the Sánchez-Navarro, Sesana, Echavarría, and Mustakis families promoting the strengthening of various impact

investment actors, from intermediaries and entrepreneurs to networks, such as Toniic, The ImPact, the National Advisory Boards - NAB, which are part of the Global Steering Group on Impact Investing, GSG, and Latimacto. All this stems from their understanding that impact investment is a novel topic that still requires the development of the region's markets, and has multiple opportunities due to geographical and social characteristics.

Information measurement and management

For the families interviewed, part of their agendas is to define or improve impact measurement methodologies that allow better decision making.

The 10 cases studied that present impact investment bets are also those with greater sophistication and investment in measurement, either by assembling a technical team or hiring experts to carry out evaluations.



The challenge for families lies in choosing the most adequate measurement and evaluation methodology for each strategy, investment vehicle, and topic, since there is no single methodology that covers all the needs. In this sense, the families stated that they used global standards, such as GRI (Global Reporting Initiative), IRIS+, The Impact Management Project, SDG, and Sistema B. In some cases, they develop their own methodologies combining criteria of these standards and adapting them according to their specific needs.

There is an overall trend to use an investment thesis to establish an impact measurement framework that is tightly aligned with the investment strategy. This allows for a better alignment between different strategies adopted by the family, such as the case of the Russo and one other from Brazil, the Llaguno Garza and Sánchez-Navarro families from Mexico, and the Restrepo and Echavarría families from Colombia.

As pointed out by Gabriel Berger, professor at the Business School of Universidad de San Andrés (Argentina) and director of their "Center for Social Innovation", "the application of private resources for purposes of public good or collective benefit increasingly requires guidance, and the use of approaches and methodologies that allow for the anticipation, measurement, and explanation of the effectiveness and efficiency of the investment, demonstrating the economic, social, and environmental impact generated."

It is evident that the active participation of families as ecosystem builders is fundamental. Through networks, such as those mentioned above, is fundamental, and with support provided by external advisors, they offer additional information to that provided by conventional investment managers, which typically only focuses on financial aspects.

Also, the updating and organization of information and knowledge play a crucial role. Keeping data updated and organized facilitates visibility of ongoing processes, and provides a clear perspective of the progress achieved. This makes it possible to identify opportunities for improvement and ensure a strategic approach with a defined impact. Efficient knowledge management provides a solid basis for informed decision making and optimization of available resources.

Continuous learning

In a diverse sector with many challenges, it is essential that families are flexible and willing to learn from their experiences and those of others. This is something that was referred to by several interviewees, who emphasized the need to systematize and share good practices and challenges among various actors in the impact ecosystem.

In conversations with families, they highlighted the importance of developing knowledge management models to take advantage of the learning accumulated over generations, promoting more accurate decision-making and better tools to face emerging challenges. Incorporating lessons learned into the strategy will ensure a solid foundation for growth and continuity.

In this vein, family empowerment and the recognition of spaces for dialogue are key elements. It is important to encourage the active participation of all family members, both young and old, to integrate various perspectives and enrich decision making.

³ This refers to the strengthening of various actors of the ecosystem: entrepreneurs, investors, networks through several investment vehicles with the aim of extending their scope and create a proper environment for impact investment.

The 10 most outstanding emerging family practices

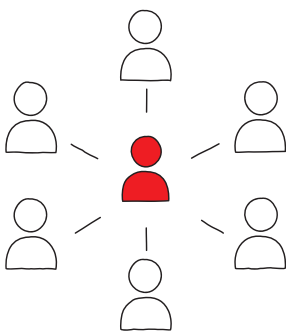
Professor Gabriel Berger states that “Latin America urgently requires the mobilization of financial resources from the region itself to help address the enormous development challenges it faces. High-net-worth families have a key role in responding to this challenge, contributing not only their financial resources, but also their social capital, articulation capacity, and business experience to create, support, or scale initiatives that generate transformation and sustainable impact in the several agendas that contribute to the development of the countries and region.”

Following this call, and after analyzing in detail the interviews carried out for this study, we highlight 10 emerging practices by families who invest with an impact lens:

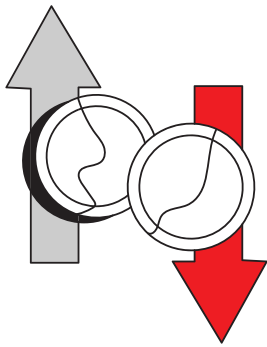


Leveraging complementary strategies: Traditional and strategic philanthropy, ESG investment, and impact investment do not compete with one another, but complement each other, since each one responds to a different need and has a particular approach. Families recognize the importance of implementing new models taking advantage of the synergies and benefits of combining them to maximize their ability to generate a positive impact.

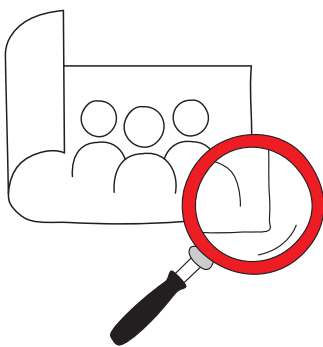
Consider the various opportunities to invest with an impact lens, understanding the variety of possibilities along the continuum of capital in terms of risk appetite and financial expectations. To this end, it is essential to identify collective interests to move forward together, amplifying the impact, and making better use of human and financial resources. In addition, incorporating due diligence processes in all types of resource allocation decisions helps to safeguard the values and transparency of family decisions and actions.



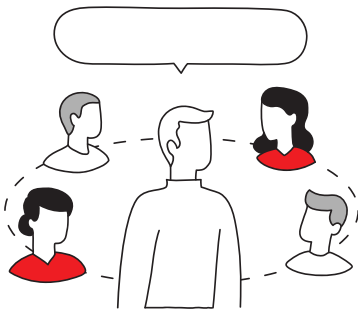
Maintaining the generational legacy: It is essential to take advantage of the knowledge of both older and younger generations, and to ensure that they all participate in decision-making. By inviting younger generations to get involved in philanthropic and investment activities, the family can guarantee continuity in the management of assets over time.



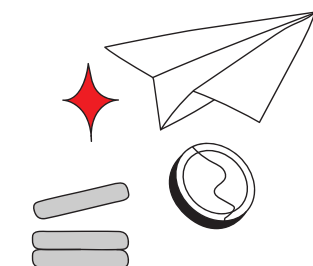
Assuming a catalytic role: High-net-worth families have a fundamental role in the ecosystem since they can lead through their example, and provide capital that is patient, flexible, and risk tolerant. They have the possibility of being pioneers and mobilizing investments towards innovative projects, such as social impact bonds, and also by supporting the role of networks and ecosystem builders. Participating in networks that involve other families allow them to be catalysts for change. The greater the connection, the greater the ability to identify investment opportunities.



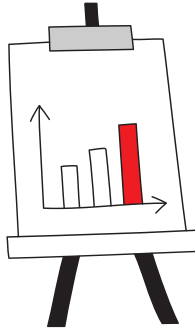
Counting on an adequate definition of the governance: Aligning the interests of several generations can be a challenge, so it is fundamental that each family agrees on clear goals and has a solid governance structure that ensures that management, decision-making, and implementation responsibilities are clearly defined. Having a protocol tailored to the values, priorities and principles of each family makes it easier to establish roles and processes for, communication, external consultations, use of committees, interaction with other actors, alliances, and managing succession in times of transition. This is fundamental to guarantee cohesion and appropriate decision making on the use of the portfolio of investments with an impact lens.



Establishing focused dialogue and discussion groups: The creation of these groups within families and among several families focused on thematic interests and vehicles of impact can be useful to share lessons learned and new capabilities. These groups provide a space to share experiences and resources in the field of investment for impact, providing families with the opportunity to strengthen their knowledge, and adopt more robust and effective approaches in their investments with an impact lens.



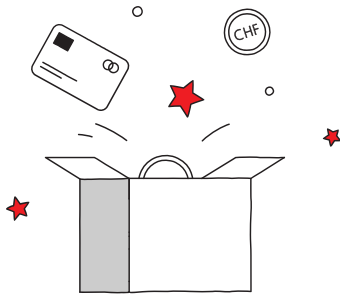
Being open to constant learning and updating knowledge: Promoting education around investment with an impact lens. Learning from empirical experience and adopting a systemic view of the problems is essential to deepen your perspectives. For this, it is important to also leverage the peer exchange fostered by the various networks where families and impact-oriented investors meet.



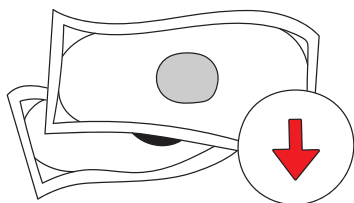
Moving towards the construction of a theory of change that allows families to delve into a long-term perspective, which goes beyond choosing random causes. Also, deepening in the values that bring together the family, measuring the progress of the portfolio on impact topics, and using this information for future decisions prioritizing investments with a wider perspective in terms of impact.




Managing and measuring impact: Identifying the changes generated and the strategies that produced them. To this end, it is important to have expert advisors and a capable team, who can provide useful information to inform evidence-based decisions that are aligned with family values.



Understanding the diversity of vehicles to generate impact: There are a diversity of vehicles to generate impact and resources dedicate to this do not need to be limited to family foundations. Resources can be mobilized for impact from sources as diverse as the family business, family office, independent funds, and accelerators.



Having an integral investment perspective among asset managers which takes impact into account: Both the financial experience of traditional asset managers and that of impact investors are necessary to implement an adequate investment strategy with an impact lens. Currently, investments by formal schemes must be complemented with an Investment Policy Statement (IPS) that clearly establishes investment sectors, development goals, risk profile, and the information on impact performance required to assess them.

An aerial photograph of a wide river at sunset. The sun is low on the horizon, creating a bright, shimmering reflection on the water's surface. The river flows from the top left towards the bottom right. In the foreground, several cows are wading through the shallow water. The banks are covered in green and brown vegetation. In the distance, a long, straight structure, possibly a dam or bridge, spans across the river. The overall scene is peaceful and scenic.

Case Studies

Each case study is divided in 4 categories that allow us to better understand and analyze how high net worth Latin American families manage impact in their portfolios. Each category provides important information about how these families are addressing and promoting social and environmental change in the region.

The first category, *Origins*, explores how families relate to the generation of impact in their countries, and the role that family values play in this process.

The second, *Governance*, refers to the structure and spaces for decision-making that families have established to manage their impact.

The third, *Impact Focus*, refers to the various vehicles and strategies that families use to manage issue areas and topics that have been prioritized.

Finally, the fourth section presents learnings and advice from these families to maximize the generation of positive impact in the region.



Wellbeing and social innovation through women empowerment

Belmont Graña family, **Peru**

Origins

Eduardo and Fernando Belmont Anderson had the dream of positively changing the livelihoods of Latin American women. They were born into a Peruvian family linked to the cosmetics company, Botica Francesa. The company, known for perfumes and pharmaceutical products, had been acquired years earlier by their grandfather, Alejandro Belmont Marquisate.

Eduardo started work in the world of fashion and beauty as a salesperson when he was 19 years old. Years later, he created Belcorp (known for its brands *ésika*, *L'BEL*, and *Cyzone*) with the aim of bringing beauty and personal care products to several parts of the world through direct sales made by female consultants.

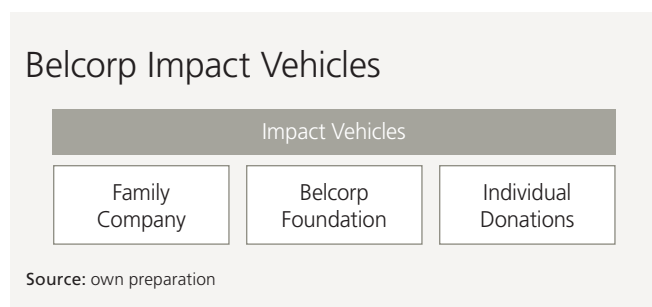
Eduardo and Fernando Belmont Anderson had the dream of positively changing the livelihoods of Latin American women.

The purpose of the organization is to promote beauty to achieve personal fulfillment. In this way, Eduardo Belmont articulated linkage between the business strategy and the generation of positive impact. To achieve it, Belcorp's work is based on 4 leadership principles: honoring commitments, focusing energy, releasing potential, and imagining the extraordinary.

Governance

Since its inception, Belcorp's corporate governance practices have been aligned with the organization's ethical principles, as well as with its purpose and values, which work as a north star to all employees. With the creation of the family office in 2018, all the instances of governance were put into place to ensure that family decisions are always aligned with these values and principles.

The image below concisely shows all the vehicles through which the family generates social impact.



In its efforts to develop a social and environmental approach, Belcorp has committed to responsible investment and care for the planet with the creation of a sustainability policy through which it has managed to generate a positive impact and contribute to the protection of the environment. By 2022, they had achieved 100% renewable sources of electricity in their production plant in Colombia, and 97% of the waste generated in that plant and its distribution center was sent to recycling processes.

Its brands *ésika*, *L'BEL*, and *Cyzone* have received the approval from the Leaping Bunny program, by Cruelty Free International, which demonstrates its commitment to the elimination of animal testing globally.

These actions are complemented by the allocation of a percentage of the company's sales to Belcorp Foundation, where traditional philanthropy projects are carried out. The foundation was created in 2003 as an initiative of Claudia Belmont with the idea of allocating a percentage of corporate sales to the social empowerment of beauty consultants.

The family also donates to specific sectors, for instance Casa Magia, which is close to the heart of Luisa María del Rosario Graña Podestá, mother of Claudia, Daniela, and Eduardo Luis, who was a volunteer at the National Institute of Neoplastic Diseases, which created in her a long-term commitment to children with cancer.

From its inception, Belcorp's corporate governance practices have been aligned with the ethical principles of the organization, and with its purpose and values.

The two Belmont Graña sisters make individual donations from the profits of the family business. For example, Daniela allocates resources annually to Enseña Perú and the Lima Art Museum, and Claudia to environmental initiatives for the conservation of ecosystems. In addition, Claudia is co-founder of Propel, a non-profit organization that seeks to promote the social sector to close gaps in Latin America by supporting social organizations to strengthen their digital capabilities, facilitate their access to capital, and connect them with a social impact network to multiply impact. To date, Propel has worked with 62 social organizations in 14 countries that impact more than one million people.

Impact focus

Since its origins, Belcorp's business model has had the purpose of empowering women by consolidating itself as an opportunity for growth and income generation to contribute to their economic independence.

Currently, with a commercial presence in 13 Latin American countries and more than 850,000 beauty consultants, the company continues to honor its commitment to the development of women's potential.

For the family, the intention to generate a positive impact has been present since the creation of the company. This has materialized mainly through the Foundation's programs, which mainly benefit beauty consultants, many of whom are the heads of their households. The objective is to strengthen leadership and entrepreneurial capabilities of these women, so that they can have sustainable businesses that are a source of progress for themselves and their families.

Throughout its history, Belcorp Foundation has developed 5 programs focused on the economic empowerment of women:

1 Scholarship program:
Its objective is to develop the capabilities of girls and young women through access to quality education that provides them with better opportunities in the future. The main beneficiaries are the daughters of beauty consultants from the most vulnerable communities. Once the scholarships are selected and awarded, they are maintained until the girl or young woman finishes her studies, if she maintains high academic performance. So far 1,700 scholarships have been awarded in the region.

2 Women:
It was one of the Foundation's initial programs and it was implemented between 2004 and 2018, impacting more than 30,000 women. The idea was to empower women over 18 years of age, so that they would be more confident, recognize their value, and make decisions that allow them to grow and transform their lives. It was implemented in Colombia, Peru, El Salvador, Costa Rica, Ecuador, Dominican Republic, Guatemala, Chile, and Bolivia in collaboration with important universities and social organizations in the region.

3 We Advance through Entrepreneurship:
This program is designed to provide equality of opportunities and to strengthen leadership, soft skills, and entrepreneurial abilities in teenagers, especially young women above 15 years of age. It was implemented in Peru impacting more than 2,000 teenagers from Piura. Due to the pandemic, the initiative was digitized through an

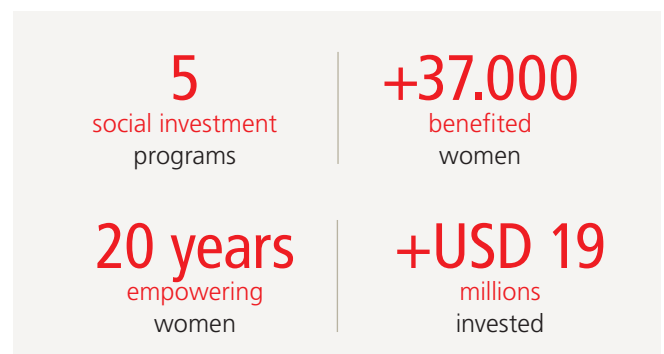
Android application to help the students create a business plan using a gamification approach. About 1,500 students prepared a business plan and 20 of them were financed by the Foundation.

4 Women Propelling Women:
Designed to boost the growth of women-led businesses that, in turn, stimulate the economic empowerment of other women through its value chain. It reached 14 microentrepreneurs from Ecuador offering them training, mentoring, and connection to the ecosystem. The number of women impacted by the businesses grew by 124% and 55% of microbusinesses managed to increase their sales.

5 Women without Boundaries:
It has benefited women from 5 countries (Colombia, Ecuador, Chile, Bolivia, and Peru), and by the end of 2023, it should be replicated in Mexico and the Dominican Republic. Its objective is to strengthen the leadership and entrepreneurial capabilities of adult women between 20 and 60 years old. The program promotes the growth of their businesses through training, mentoring, technical advice in business management and connection with the entrepreneurial ecosystem. To date, it has graduated 3,800 women, working in partnership with prestigious universities in the region. Participants have been shown to improve the implementation of good practices in their businesses, such as defining a value proposition (+ 47%) and keeping track of their sales (+ 27%). 84% consider that the program contributed to improving their sales.

For the family, women can be change agents in their own lives and in their communities, and understanding how they grow into that is essential for improving their practices. For this reason, Belcorp Foundation decided to jointly design the strategies to measure its impact in alliance with universities of each country. In 2022, they hired the specialized consulting

Some figures show the scope of their initiatives:



firm ZIGLA to design a monitoring, evaluation, and learning (MEL) system that allows them to evaluate the results of their social interventions and generate opportunities for improvement, based on an automated system of data management. There are also qualitative evaluations and the stories of the lives of the beneficiaries⁴.

In 2011, an organizational restructuring was carried out in the company and the Social Innovation Office was born in 2012. The initiative, led by Claudia Belmont, with the aim of pursuing triple-bottom line sustainability strategies that generate social, economic, and environmental results, also kickstarted the design of double and triple impact products⁵.

After 2 years, the Social Innovation Office was absorbed by the Commercial Vice Presidency, ensuring the continuity of the products it had created.

In 2018, the family established its family office with the aim of managing its family assets and preserving its legacy. The

family purpose, its values, and its governance structure are the pillars that support the fulfillment of its vision and guide its decision-making. Through the company, they strive to positively impact the quality of life of the community and contribute to the protection of the environment. Aligned with this purpose, since 2020 they are benefactors of LALA (Latin American Leadership Academy), a non-profit organization that promotes the leadership of young people between 14 and 20 years old.

On the wealth management front, the Family Council is leading the implementation of governance structures in the family office that ensure that all investment decisions are consistent with its purpose and values. This led to the implementation of an investment committee, made up of a panel of experts responsible for monitoring results and advising the family, so that all investment decisions comply with the investment policy and ESG standards.

⁴ See dossier of Historias de Grandes Mujeres para 2018 [here](#).

⁵ This is a proposal led by Claudia and supported by the family to strengthen its sustainability strategy with the generation of triple bottom line initiatives.

Lessons learned and future challenges

Starting the Social Innovation Office in the company was a successful initiative that became the seed to promote impact investment and manage capital with a long term perspective. The learnings derived from this experience have generated new reflections on how social impact can be articulated in the company's business model.

The future challenges of the family relate to the need to generate networks to promote impact investments and social development.

Claudia Belmont has worked to bring her family closer to the impact funds and maintains her conviction to mobilize capital

towards patient investments, in partnership with recognized institutions, such as Acumen and Capria Ventures.

Generating networks is one of the factors that has enabled the maintenance of the families' social impact DNA going forward, advancing in constant dialogue with family members. They have seen a positive effect from having external advisors in the entire design of the impact strategy, helping to materialize the initiatives and see results.

The future challenges of the Belmont Graña family are associated with the need to generate networks, both internal and with other organizations, to promote impact investments and commit to social development, even more so in the face of the different political and economic situations in the region over the last 3 years.




Positive impact aligned with social justice

De Sola family, **El Salvador**

Origins

Herbert De Sola Osorio, a Jewish immigrant from Curaçao, arrived in Panama in 1896 and subsequently, moved to El Salvador in the 1920s. There, he founded what is known as Grupo De Sola with investments in real estate development, remote services, coffee, and hotels, among others. Throughout more than 125 years of business management in Central America, both its founder and his 4 children, and then his grandchildren carried out various high-impact initiatives inside and outside the companies that the group has managed.

 The spirit of service and responsibility has always been a core part of the family's work ethic.

In the family, there has always been the awareness of generating a positive impact aligned with the ideas of social justice and ethical commitment, and a recognition of responsibility that comes with the privilege of being born with opportunities that many others in the region do not have.

The spirit of service and responsibility has always been a core part of the family work ethic, inside and outside companies. For many years, several members of the family held public leadership positions in diplomacy, the state, business associations, and civil society. Among the various institutions where they contributed their vision are INCAE Business School, Zamorano, Ministry of Health of El Salvador, Association of Industrialists, the Executive Hydroelectric Commission of the Lempa River (CEL), Salvanatura, Fundación Salvadoreña para el Desarrollo Económico y Social (Fusades), the alliance for sustainable development Fundemas, and various honorary consulates in El Salvador.


Governance

The De Sola Group is made up of a group of companies and investments, and a charitable foundation, H. De Sola Foundation. Brothers Diego and Celina De Sola are partners in this investment group. As part of the 4th generation leading the family enterprises, they have shown a firm interest in strengthening work with an impact approach that foster the development of new realities and transforms the traditional charitable vision of philanthropy. Following this line of action, in 2007, together with Ken Baker, Celina's husband, they promoted a high-impact social enterprise: Glasswing International, which seeks to create conditions to improve opportunities for young people in the region, in an innovative, efficient, and effective way.

Celina and Ken complement their training and experience in social development with the experience and business convening capacity of Diego, the current CEO of Grupo De Sola, to connect focused interest groups.

When the design of Glasswing began, the 3 founders gained the support of a set of donors, including Grupo De Sola,

without this implying any participation or publicity for the family company, since they considered it especially important that the social organization had full independence to operate freely with various sectors, and without limitations or political influence.



Glasswing International seeks to create conditions to improve the opportunities for youth in the region in an innovative, efficient, and effective way.

Glasswing has a board of directors under the leadership of John Moore as chairman, Celina De Sola as president, and a group of directors that include Diego De Sola and Ken Baker, who serves as executive director.

Impact focus

In its operation, Glasswing International adopts a multisectoral approach by establishing alliances with companies, communities, and other key actors for implementation, adaptation of methodologies, and impact measurement. It focuses on addressing poverty and violence through education, health, and community development programs.

In the beginning, Glasswing relied on family capital to establish itself and start operating. However, for the founders, it has been important to achieve financial independence to advance in the allocation of resources in a flexible and adaptive manner, operating under a non-profit social entrepreneurship model financed through donations and alliances.

Currently, Glasswing is present in more than 12 countries⁶ with an annual budget, which in 2023 amounts to USD 30 million, and a volunteer program, which seeks to “guarantee sustainable change, while fostering hope and pride in the community.”

Its projects focus on three areas: education, health, and community development. The table below summarizes the projects that have been fundamental pillars to generate a positive impact on the lives of 2.2 million people.

For the founders, volunteering is key, so they frequently invite family members to participate in activities and contribute to the organization through donations. For many years De Sola Foundation has also sponsored a program in a public school through Glasswing.

Currently, Glasswing’s resources come from various sources, including international cooperation funds, such as the United States Agency for International Development (USAID), Inter-American Development Bank (IDB), allied foundations, such as the International Development Research Center of the Canadian government (IDRC), the Howard G. Buffett, Kellogg, Ford, Summit, and Tinker Foundations, corporate allies, and individual philanthropists, as well as through technical consulting activities and annual fundraising campaigns.

To ensure the efficient use of funds, it operates through a project analysis cycle that consists of several stages. First, priorities are identified together with local communities and projects are designed to make fundraising more strategic.

Currently, Glasswing is present in **+12** countries with an annual budget, which in 2023 amounts to USD 30 millions.

Then, allies and potential donors are identified and proposals are sent to mobilize resources. Lastly, projects are effectively implemented, operated and measured.

Glasswing International Projects

Education

- Communitarian schools
- Revitalization of school centers
- Extracurricular clubs

Health

- Assistance to mental health: *SanaMente project*
- Gender Clubs: *Entre Amigxs*
- Emergency Medicine
- Perinatal and community health

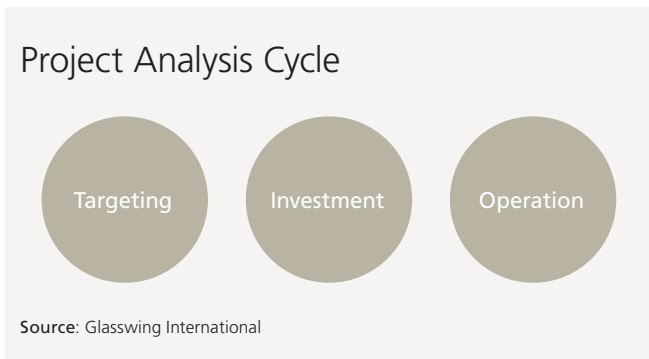
Youth and community empowerment

- Young builders
- Restoration of the Cuscatlán park

Source: Glasswing International

⁶ United States, El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, Nicaragua, Panama, Colombia, Mexico, Ecuador, and Trinity and Tobago.

Projects focus on communities where there is space to work without duplicating efforts and where there are opportunities for impact, taking into consideration the involvement of private companies, the government, other NGOs, and actors of the civil society.



Project development includes an assessment of what has already been done and considers evidence of what has worked in other contexts. In addition, the organizational culture emphasizes a commitment to innovation, which requires flexibility and agility. They use methods of monitoring and evaluation to measure the progress of their projects and obtain feedback about the actions carried out. This allows them to make decisions to continually improve their processes by applying diverse methodologies, such as After Action Reviews (AAR), through surveys and focus groups with participants, to obtain direct information about the results and learn what can be improved.

They have also had external experimental evaluations (RCT) for some of their programs, such as Sanando Heridas (Healing Wounds) and Escuelas Comunitarias (Community Schools) carried out by allies, such as Chicago Crime Lab, the Pontificia Universidad de Chile, Jameel Poverty Action Lab (JPAL), the IDB, and the World Bank.

Lessons learned and future challenges

Celina and Ken spent many years working in conflict zones and emergency response before founding Glasswing, gaining specific experience in dealing with situations of violence and abuse, developing a deep awareness of mental health, and extensive knowledge about how to deal with psychological trauma and use self-care tools.

This experience, aligned with their intention to prioritize the problems of violence, with which they began their work in El Salvador, has allowed them to multiply alliances to break the cycle of violence, fear, and anxiety.

The great learning for the family is related to the urgent need of managing projects that can strengthen social justice as a fundamental pillar of stability and prosperity.

Working in networks with a multisectoral approach has been key to leverage learnings as a starting point of effective

decisions and actions. Their focus on working with diverse actors allows Glasswing to respond to local priorities in an effective manner.

In their 16 years of technical experience managing resources and funds for collective investment, they have confirmed that the use of proprietary capital -as opposed to loans, for instance- allows greater flexibility when investing in the deployment of solutions.

In the future, they aim to generate alliances with institutions, such as Impact Hub, and diversify their sources of income which will allow them to strengthen financial sustainability and advance their mission of generating a positive impact on communities.

The family's greatest learning relates to the urgent need to manage projects that can strengthen social justice as a fundamental pillar of stability and prosperity, based on equity and opportunity for all in Central America, starting with youth.



Financial innovation at the service of development needs

Echavarría Olózaga family, **Colombia**

Origins

The Echavarría Olózaga family is committed to social and environmental impact investment, because of a process of perseverance, social responsibility, and leadership that is closely linked to the family's structure and the ethical values that guide it. The goal of the family is to generate well-being for society and create projects that contribute to the development of the country by offering Colombians the possibility of social mobility.

The goal of the family is to generate well-being for society and create projects that contribute to the development of the country.

To achieve this, Antonio Echavarría Barco, President of the Board of Directors of Corona Foundation and member of the 4th generation of the family, considers that "understanding the value of the institutionality inspired by Organización Corona has been essential, and how it could be reflected in the social sphere to create permanence and responsibility shared by all actors." Members of various generations have committed to generating impact through diverse financial vehicles. They deploy their activities from Organización Corona, Corona Foundation, and other individual investment initiatives, in the spirit of the family protocol created at the beginning of the 1990s, which promotes the importance of simultaneously recognizing the financial potential of business and its social contribution.

Governance

Capital resources for the social investment initiatives of Corona Foundation mainly come from an endowment fund and annual donations from the company. The foundation's management aims to address the social needs of the country, and is grounded on the professionalism of its technical team, the participation of external members, and a long-term vision. In addition, it has a dynamic decision-making scheme that has allowed the development of its businesses and the effective management of social impact.

The family's investments are situated across the entire continuum of capital: from grants to conventional investments, but also innovative investments in social impact bonds, pay for success, and other tailored financing strategies.

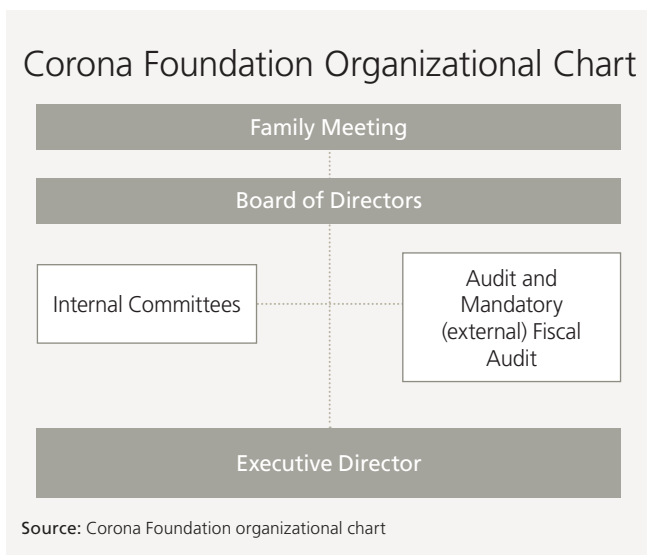
The Board of Directors of Corona Foundation is made up of 10 members of which 5 are external and 5 belong to the family with the 4th generation having a predominant active role. This board has 2 family members as President and Vice President, Antonio Echavarría Barco, and Daniel Echavarría Arango, respectively, and the participation of Daniel Uribe as external Executive Director.

The figure below shows the relationship between the board of directors and other bodies, as well as the joint governance with the family.

With the objective of encouraging the participation of new family members and strengthening the commitment of those who are already part of the organization, an internal process, including meetings, visits, and participation in projects has been established. These activities are intended to publicize the strategies, methodologies, allies, and results of the organization, maintaining the intention of preserving the family legacy, and generating transformation and impact through actions focused on the triple bottom line.

The family's investments are situated across the entire continuum of capital, from grants to conventional investments.

In the words of Daniel Echavarría Arango, also a member of the 4th generation, the family's vision is summarized by the belief that "by investing in generating value for all stakeholders (employees, customers, communities, environment, shareholders), not only do they manage to transform society, but also to generate an even more attractive return for shareholders by growing their financial capital, expanding the human, intellectual, and social capital of the family, and strengthening the legacy for future generations."



Impact focus

The Echavarría family has shown a solid commitment to social transformation, and has recognized the importance of mobilizing resources towards impact by strategically using their philanthropic and patient capital, and being flexible in the intervention model and tools that they use. The above is achieved by exploring alternatives that allow them to generate long-term changes and innovate with financial instruments.

Corona Foundation has focused on being a market builder and promoting systemic change. Under this perspective, they work at exploring Impact Investing.

As an important part of generating triple impact (economic, environmental, and social), the company highlights the process of exploring investments associated with recent energy efficiency issues and feasibility analysis in the transition to non-conventional sources of renewable energy within industrial plants, as a way of contributing to the reduction of greenhouse gases.

In addition, internal innovation processes manage to mobilize the creation of ideas through Corporate Venture Capital. In this sense, Sodimac Corona Accelerator was created in 2018, and with the support of Endeavor Colombia, selected ventures focused on the logistics, energy, retail, and manufacturing industries to solve specific challenges of Corona and Sodimac Colombia. The ventures received mentoring and had access to the several businesses of these 2 companies to develop pilots to take their products, services, and technological solutions to the next level, and thus enhance their growth.

The responsibility and commitment of the Corona Organization is also a distinguishing mark of Corona Foundation, established in 1963⁷. It stands out for its commitment to social contribution which has led it to evolve as a second-tier foundation⁸, in addition to being recognized by opinion leaders as one of the most admired organizations in the country.

Aware of the complexity and necessities of their focus areas, such as education, employment, and citizenship, Corona Foundation has focused on being a market builder and promoting systemic change. Under this perspective they work at exploring Impact Investing, as they have discovered that this strategy can be an effective tool to catalyze impact projects.

In addition to evaluating several methodologies and strategies, the foundation promotes the strengthening of the market and the transfer of knowledge assuming an active role as a promoter of other organizations such as the NAB (National Advisory Board) and Latimpacto, thus promoting the development of initiatives that expand the scope of its impact. Daniel Echavarría Arango affirms that “taking advantage of the private sector to catalyze innovations that help find disruptive solutions to these problems is necessary. This is where the impact investment opportunity becomes so interesting, since it allows us to use this continuum of public, foundational, academic, and private capital to finance innovation and disruption that lead to better solutions to the social and environmental challenges humanity faces today.”

For this reason, Corona Foundation is committed to support projects with a systemic approach, where coordination among several actors prevails in order to find innovative solutions to social challenges. One of the most notable is SIBs.Co, the first program in Latin America to implement Social Impact Bonds.

This program was financed by the IDB Lab in and the Swiss Economic Cooperation - SECO, and implemented by Corona Foundation with the support of public and private actors⁹. This scheme has been recognized as an effective strategy at the national and regional levels, where private companies invest risk capital in projects that seek to address structural problems linking payment to the fulfillment of established goals.

To date, Corona Foundation has participated in and promoted the implementation of the 4 social impact bonds developed in the country, with a focus on the generation of formal jobs. During the implementation of this program, the foundation has paid particular attention to monitoring learning and good practices with the aim of replicating them and obtaining increasingly better results.

⁷ At the same time, the family supported the creation of several universities in Colombia.

⁸ Fundación Corona went from having its own programs to being a second-level entity.

⁹ It was structured with the Department of Social Prosperity, the Secretary of Economic Affairs of Switzerland, the IDB-MIF, Fundación Bolívar Davivienda, Fundación Mario Santo Domingo, Corporación Inversor, Instiglio, and Fundación Corona.

Both the foundation and the business, along with their investments, comply with the best measurement practices to demonstrate the impact on economic, social, and environmental aspects, which allows them to make informed decisions. This rigorous evaluation is reflected in the sustainability reports of Corona Foundation and its subsidiaries, and in the annual results reports where they evaluate their extended responsibility strategy, which includes their corporate social responsibility and their corporate commitment to contributing to compliance with the SDGs.

Over the years, other initiatives and family foundations have emerged as part of the social impact DNA of the Echavarría family. These include Hernán Echavarría Foundation, Political Science Institute, Endeavor, and Alvaralice Foundation, which is part of the lineage of Mrs. Alice Echavarría and her husband. This is added to a series of social investments that family members lead individually, recognizing Corona Foundation as the meeting point for the entire family throughout its 5 generations.

Lessons learned and future challenges


Since the first generations, investments with an impact lens, have managed to permeate all the family's actions. The family is well known for its entrepreneurial spirit, business leadership, and for its commitment to the economic development of the country.

At the family level, they have established a stable governance structure thanks to the talent of the people who have accompanied them, the commitment to values, the long-term vision, the purpose that motivates them, and the alliances for innovation. They have developed a tolerance for failure, the ability to open paths, and the mutual respect to take risks recognizing the importance of family unity, and the intuition to give up control and empower others.

They consider that their main asset is their ability to activate public-private actors in the social ecosystem, and highlight that in the search for innovation and adaptation, there is a need to focus on the greatest possible impact. Although they recognize that some innovative initiatives can fail, they value the importance of testing and learning from them, and they continue to try to achieve successful experiences that can be replicated and scaled.

The family considers selecting a technically prepared and well trained team essential to advancing solutions to complex social

problems. This combined to strategic alliances with other organizations, allows for the necessary human and financial capital that enables the transformation they hope to achieve.



At the family level, they have established a stable governance structure thanks to the talent of the people who have accompanied them.

Finally, Antonio Echavarría considers that the family currently has 2 important challenges. The first is to maintain the interest and motivation of the 5th and next generation, considering that several of its members were not born in Colombia. The second, in Antonio's words, is to articulate the continuum of capital in donations, investments from the endowment, and other financial vehicles to establish new ways of integrating the business with impact.



A family laboratory for impact investment

Gerda Johannpeter family, **Brazil**

Origins

João Gerdau and his son Hugo founded the company that bears their surname, in 1901, in Porto Alegre, Brazil. A nail factory that over time became a multinational steel producing business. Gerdau is today one of the main suppliers of long steel in America, with sales in 9 countries of the region.

Family values such as commitment, generosity, and solidarity led several of its members to think beyond the steel industry and profits, to contribute to social development.

One of the values of the Gerdau Johannpeter family is Responsibility: *We are aware that our actions impact society. We are part of a whole. And when everything improves, everyone wins.*

The development and implementation of a family strategy around impact has occurred through the creation of 2 institutes: Gerdau Institute and Instituto Helda Gerdau (IHG). The first was created in 2005 to manage the company's social responsibility policies and guidelines, which currently focuses on entrepreneurship, recycling, and housing. The second, Helda Gerdau Institute, is a family-based organization that was created in 2020 in honor of the matriarch of the 4 family branches belonging to the 3rd generation. The Helda Gerdau Institute works as a donor by mobilizing resources to projects and implementing organizations. Currently, IHG supports initiatives linked to 2 Sustainable Development Goals (SDGs): quality education, and decent work and economic growth (goals 4 and 8), and supports the promotion of the ecosystem and impact entrepreneurship.

The active participation of the family in the pursuit of opportunities to positively impact society has been the common denominator since João Gerdau, member of the 1st generation, up until today, in which the 5th generation has created the family institute.

Governance

The social initiatives of the family have been structured jointly with those of the company through a hybrid institute, Instituto Gerdau, since 2005. Starting 2018, impact strategies began to be differentiated in a shift where the family moves away from Instituto Gerdau. During this period, the discussion around the family's social actions was established in family governance and culminated with the creation of the Helda Gerdau Institute, at the end of 2020.

IHG has 2 governance levels. Its Board of Directors is made up of 4 cousins representing each family branch, who meet monthly to monitor and make decisions about the institute. And an Assembly that meets annually.

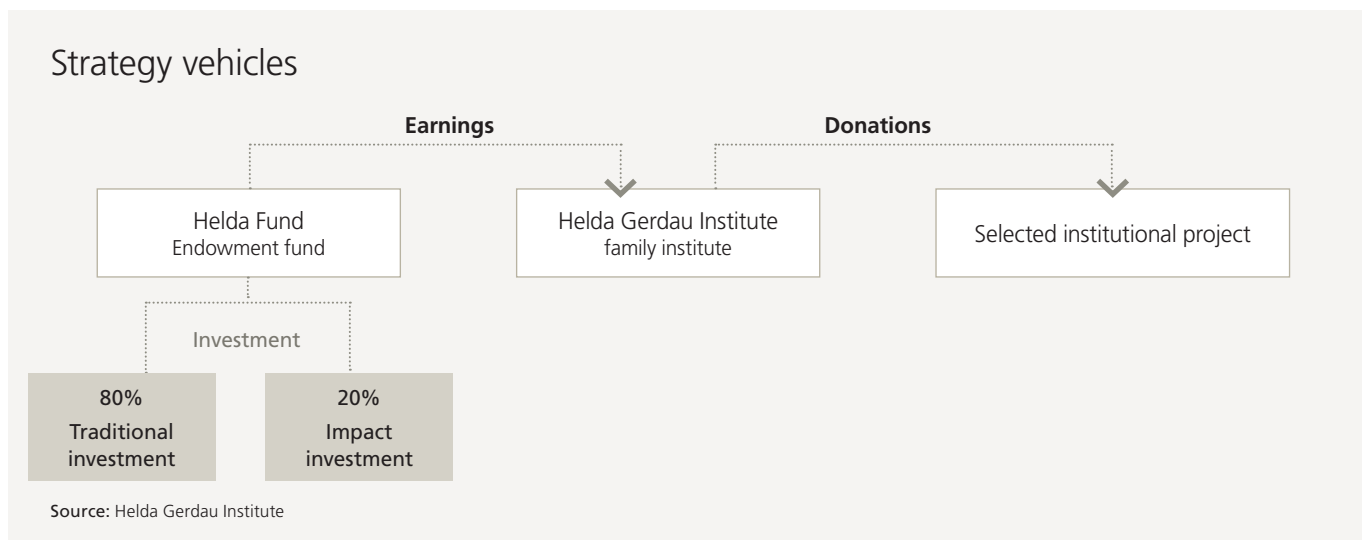
The institute's philanthropic activities are partially supported by the income from its endowment fund called Helda Fund, and are complemented by other family donations.

In its strategy, the institute recognizes that its endowment fund can complement its philanthropic work - and not only finance it - through impact investment.

In this way, a percentage of the assets of the Helda Fund is dedicated to make impact investments through funds.

In its strategy, the institute recognizes that its endowment fund can complement its philanthropic work -and not only finance it- through impact investment.

The Helda Fund is managed by the family office and has allowed them to begin a path of learning and knowledge to identifying opportunities where they can reconcile impact, risk, and return. This fund, which arose when reflecting on where to invest their assets, represents the possibility of experimenting and generating collective intelligence for the family, with which to develop new opportunities.



Impact focus

The Gerdau Johannpeter family has demonstrated a strong commitment to social impact through Helda Gerdau Institute, whose purpose is to “support positive impact initiatives to generate better opportunities for vulnerable populations and contribute to a more inclusive society.”

Currently, the Institute has 2 major strategic directions:

- 1 Supporting projects and initiatives focused on education, income generation, and economic growth and entrepreneurship for young people in situations of social vulnerability.
- 2 Promoting the impact ecosystem through venture philanthropy, impact investment, and other strategic lines of action.

Focused on topics such as education and employability of young people, 3 projects are currently supported: DUXTEC in collaboration with the Gerações Foundation, Campus Caldeira in collaboration with Caldeira Institute, and Instituto Ascendo Mentis in collaboration with Gerando Falcões. These initiatives follow a more traditional model of strategic philanthropy.

In relation to the impact ecosystem, initiatives such as the Coalizão pelo Impacto in alliance with the Instituto de Cidadania Empresarial (ICE), business acceleration in alliance with Quintessa, sponsorship Guide 2.5, also Quintessa, among others are being supported. These fronts make use of more innovative mechanisms, such as venture philanthropy and blended financing, and seek to explore several types of flexible capital to foster entrepreneurship.

The generation of positive impact is also focused and monitored by the Fundo Helda allocating 20% of its assets to impact investments: investments with financial return and generation of positive socio-environmental impact.

On this front, the strategy is to invest indirectly, that is through funds, in businesses and companies that generate a positive impact on the environment and/or society.

These funds can be private capital or risk capital investing in companies that use technology to address large-scale socio-environmental problems, or also in credit funds that support and develop smaller community-based businesses, which help to solve more local problems in their communities.



Lessons learned and future challenges

The family has been a pioneer in impact investments and more innovative philanthropic models, which are based on the belief that it is possible to transform and overcome socio-environmental challenges through entrepreneurship.

As a company in the steel sector, they have always maintained awareness of the socio-environmental impact as part of its family values venturing on the corporate side into international certifications that have allowed it to move towards alignment with the principles of responsibility through the B Corp certification obtained in 2021.

As a company in the steel sector, they have always maintained awareness of the socio-environmental impact as part of its family values.

Regarding the measurement of its processes in strategic terms, annual management reports are prepared, where qualitative

and quantitative results of each program are presented. Each of the allies is directly responsible for creating the indicators which they then deliver to the institute, and are considered part of the overall results.

Thanks to this experience and as part of their learning journey, the family always recommends channeling resources in times of global crisis¹⁰ to generate responsible solutions, and to return capabilities, well-being, and growth to society.

Among its main future challenges is the involvement and participation of multiple generations. The commitment of the older generation to contribute to emergency situations in neighboring communities and strengthen the growth of the Helda Fund is very important. As well as the trust of the entire family who recognizes the commitment of the strategy for change and social impact in the results shown so far.

¹⁰ During the COVID-19 pandemic, the family made donations to food banks in Porto Alegre, São Paulo, and Rio de Janeiro



A collective
project that
recovers and
preserves

Llaguno Garza – Riisa family, **Mexico**

Origins

The impact history of the Llaguno Garza family begins with Luz María Garza and her husband, Bernardo Llaguno, who founded Riisa 36 years ago. This company, dedicated to the recycling of plastics and metals, became a family business once the 3 children of Luz María and Bernardo decided to become part of it. Riisa, under the direction of Bernardo Llaguno, became a vehicle to support charitable and solidarity causes since its origins. Over time, their traditional philanthropic work would become the catalyst to establish an impact investment strategy in the future.

Luz María is connected to the generation of impact through humanistic values focused on the family as the driving force of society, education as the ability to discover people's capabilities, and the conservation of the environment from a place of appreciation and care. Luz María sustains her philanthropic work in belonging and interconnection. These beliefs led her to think about family beyond her circle of relatives, expanding her influence to her employees and the community, even before being aware of the impact that she could have on society. These values led Bernardo and Luz María to begin their philanthropic work by supporting civil society organizations through donations, such as the Red Cross or Tarahumara Foundation in Mexico, and other unorganized causes that approached them seeking support.

Over time, their traditional philanthropic work would become the catalyst to establish an impact investment strategy in the future.

This resource mobilization did not have a defined structure or strategy at the beginning, nor were the results of the donations monitored. The family intuitively understood that they were creating positive impact, but the concern solely remained to ensure that the positive effects could be maximized.

After participating in a program that changed Luz María's social impact paradigm, she invited her family to participate in an exercise to define sectors of interest where environmental care and education were prioritized as the main focuses of the family, and it was decided to formalize the impact work through the establishment of Riisa Foundation.

Governance

Fundación Riisa was born in 2019 after a rigorous advisory process where the Llaguno Garza family asked for advice and support from several key actors in Monterrey. For its first stage it was decided to incubate the foundation within Comunitar, an organization whose purpose is to promote the culture and value of philanthropy in Nuevo León through social investment.

After registering their project in the Comunitar incubation program, the family participated in an 8-month accompaniment process where they received advice for the formulation of their strategy regarding the mission, vision, values, and focus areas of importance, according to their operating model. 5 family members participated in this creation process in which they translated the ideas into a manual that would become the compass for their social investment efforts, outlining focus areas to direct their resources.

To define the allocation of resources, the foundation carries out a 4-step process where family members and external actors participate.

Once the process was consolidated, the foundation was established as an independent entity and continues to operate this way to this day. It currently has a council made up of family members who meet weekly. The purpose of these meetings is to analyze information for decision making, and to allocate resources by topic. The council presents results to the Assembly once a year.

In the annual planning exercise, the Assembly decides the investment strategies of the foundation aimed at promoting

and strengthening civil society organizations, legacy projects, environmental awareness, assistance to the neighboring community of Riisa's plant, strategic alliances, and links with the company's collaborators.

To define the allocation of resources, the foundation carries out a 4-step process where family members and external actors participate:

- First, the amount to invest is defined. The resources come from the company and correspond to a percentage of the profits that Bernardo Llaguno, director of Riisa, defines annually.
- In accordance with the strategy authorized in the annual plan, investment pools are allocated. The most important is the annual call aimed at civil society organizations, and focusing on specific conservation and education challenges. As a commitment to align with the efforts of the State, these challenges are identified by studying the Nuevo León Strategic Plan.
- The organizations that are most aligned with the challenges, proceed to the selection stage. Working groups are set up with company advisors and collaborators who study about 7 to 10 cases; analyzing the proposals and considering the selection criteria and impact priorities of the foundation. Board members receive training on the alignment of the strategy, and their proposals are taken to the review committee which validates and confirms the amount to be allocated, according to the request of each organization.
- Once the transfer of resources has been made, the process of tracking and monitoring the projects begins with visits and formats that allows the foundation to monitor the progress and find possible collaboration alliances.

Impact focus

The foundation promotes a horizontal relationship among those who have the capacity to contribute to the solution of social problems through donation or investment and those who do so through their grassroots work, allies, and beneficiaries.

Riisa Foundation recognizes that there is a lack of opportunities which, in turn, prevents social mobility and the full development of human beings and their communities. Luz María holds roles in multiple civil society organizations such as: president of the Nuevo León Council¹¹ in social development; president of Vía Educación¹² with presence in 14 states of the Mexican Republic; leader of the Principles and Philosophy Committee at the Monterrey University, among others.

Dignity, belonging, and care are values manifested in the strategy that deploys financial resources from various points of the continuum of capital. The amount approved annually is directed towards projects through the annual call process and additionally discretionary resources are contributed to investments close to the family such as emergency requests. Luz María points out that a portion of her resources are deployed in the form of traditional grants, but most of her family investments are managed through the impact investment model. In addition to financial resources, the foundation supports its investments with non-financial support working to strengthen its grantees, alliances, and learning processes.

Dignity, belonging, and care are values manifested in the strategy that deploys financial resources from various points of the continuum of capital.

There is a combination of tools used from grants to social investment, which benefits communities. At Riisa Foundation, they recognize that they are part of a social ecosystem and that multidimensional problems require multidimensional solutions; this is why the construction of trust-based relationships among actors is actively promoted.

An example of this is the promotion of the alliance of business foundations in Nuevo León, which has 13 members among second-tier foundations, the government sector through the Secretary of Inclusion of the State and academia represented by Universidad de Monterrey.

In addition to the funds allocated through the call and discretionary resources, the foundation also allocates a certain amount to medium-term programs with a sustainable approach. This is led by the company, in areas where it actively participates. A great example is the Arroyo Vivo project, which promotes inclusive recycling, and the cleaning and regeneration of the Arroyo Seco ecosystem, a body of water that runs through the city of Monterrey.

Linking communities with collaborators is a priority issue for Riisa Foundation. This link is promoted through different programs, such as:

- 1 Volunteering:** an opportunity to contribute with time and talent to very specific needs of the community, from reforestation to painting or tutoring a student with a scholarship from the foundation.
- 2 A day to give:** which promotes the social participation of collaborators by inviting them once a year, on Giving Tuesday, to propose their own initiatives to be financed by the company, while the collaborator donates time and voluntary work.
- 3 Friends of Riisa Foundation:** where the families of the collaborators are involved to carry out ecological awareness practices related to events in the territory, such as cleaning public spaces or waste separation.
- 4 Hands that transform:** it is an annual recognition for Riisa's collaborators who make the existence of the foundation possible. It is also a moment to celebrate the foundation's contribution to the community and their achievements as a philanthropic organization.

¹¹ It is an advisory and propositional body of the state in strategic planning and assessment matters.

¹² An organization of civil society focused on the mobilization of agents of change in Mexican schools and communities, since 2005.

Lessons learned and future challenges

Through their path in the world of impact, Luz María affirms that the family has understood that their philanthropic initiatives, investments, and businesses have a common objective: to contribute to the solution of problems for communities in vulnerable contexts. Through each of these vehicles, she expects a systemic change.

As a family, they have understood that their philanthropic initiatives, investments, and businesses have a common objective: to contribute to the solution of problems for communities in vulnerable contexts.

She also highlights that the achievements obtained have been possible due to the involvement of her children in the company, and in the creation process, establishment, and

operations of the foundation. They have decided to allocate part of the profits of the company, and by doing this, they have boosted the philanthropic work and contributed with their vision and personal interests. What is done, is done as a family; that is how we know how to do things at Riisa Foundation, she says.

Among the tasks that Luz María identifies as crucial for other families to begin this path of strategic investment of the endowment is the need to generate an open conversation that allows breaking paradigms and going beyond traditional models, in addition to recognizing the humanity that unites us.

Luz María reiterates the importance of organizations like Comunidar and Latimpacto, which offer a clear path for families who want to enter this world of impact to do so with the support of experts, learning from peers, and collaborating with others.



Measurement of impact to multiply a social purpose

Mustakis family, **Chile**

Origins

George and Gabriel Mustakis Dragonas, 2 of the 7 children of Constantino Mustakis and Elena Dragonas were born on the island of Kefalonia, Greece.

The history of this family and its relationship with Chile begins with the drive and business vision of George Mustakis Dragonas, and the cultural and social vision of his brother Gabriel, who in the 1920 and 1935, respectively, arrived in Chile from the United States. With a creative and entrepreneurial character, George Mustakis experienced notable economic progress through the creation of several companies, among which SAFCO, South American Fruit Co., stands out. This company exported agricultural and fruit products from Chile to the United States and Latin America. Gabriel Mustakis, on the other hand, carried out diplomatic and cultural tasks between Chile and Greece as Cultural Advisor of Greece and General Consul of Greece in Santiago.

Once in Chile, George expanded the scope of his businesses associated with the Gianoli family by founding Gianoli, Mustakis & Co. in 1922. In 1936, they explored other businesses and created Carburo y Metalurgia S.A. dedicated to ferro-alloys, which in 1975 evolved into what is currently Molibdenos y Metales S.A., Molytmet, world leader in the production of molybdenum and rhenium.

The active participation of the family in initiatives that seek solutions to social problems has always been a common purpose, materialized in several ways throughout the 26 years of Gabriel and Mary Mustakis Foundation.

In addition to their business activity, George, along with his brother Gabriel, would develop important cultural initiatives between Chile and Greece, as well as philanthropy focused on education and helping the most vulnerable for 2 main reasons: the awareness of living in a country that welcomed them with affection offering multiple business opportunities; and the topographical characteristics of Chile that make it prone to earthquakes, eruptions, tidal waves, and other natural disasters. Family values have always been linked to beauty, social responsibility, and excellence at work.

The philanthropic transgenerational legacy

The philanthropic vision began to take shape in 1970, when Gabriel Mustakis Dragonas decided to sponsor several public schools highlighting “Escuelas de Grecia”/“Greece Schools,” a process that continued with the 2nd generation of the family and was consolidated in 1992 with Gabriel and his wife, Mary Plastropoulos’ personal initiative, the creation of Gabriel and Mary Mustakis Foundation.

When Gabriel Mustakis Dragonas passed away in 1997, the foundation was led by his nephew, Constantino Mustakis Kotsilini. Under his leadership, the foundation focused its efforts on promoting the arts, culture, classical humanities, and some educational projects in alliance with the main universities in the country. Many students and teachers were involved in this project, where the main objective was “developing humanities” through their learning processes.

In 2004, George Anastassiou Mustakis, grandnephew of the founder assumed the leadership with the strategy of expanding the scale and impact of its work in education, emphasizing the professionalization of teachers, the development of new, more interactive, and participatory programs, and the generation of public-private alliances that would allow the foundation to multiply its reach and increase the contributions that it provided to countless schools throughout the country.

The active participation of the family in initiatives that seek solutions to social problems has always been a common purpose, materialized in various ways throughout the 26 years of Gabriel and Mary Mustakis Foundation. Members of the new generations have been invited to sponsor social initiatives of their interest to become aware of the value that individual actions have in generating collective changes. The commitment to involve new generations in corporate governance, preparing them for their subsequent active contribution to the future of the company, is evident in the leadership of 4th generation Matias Sahli Anastassiou, since 2022.

Governance

The foundation is directed by a board of directors that meets every month throughout the year. It is composed of 3 family members, and between 2 and 3 external advisors, who make strategic decisions regarding the mission and philanthropic activity of the organization. The board seeks to promote the integral development of society (a view that was formalized as of 2020) through associative work with a focus on girls, boys, and young people. In an effort to promoting collaborative work, teams and allies represent progress to the council which values innovative visions that enable the detection of needs and new opportunities.

Currently, the 3 main pillars of the foundation are: (1) own programs developed and managed internally; (2) internship scholarships abroad and competitive funds for social entrepreneurs who promote the sustainability and scale of high-reach social and educational initiatives; and (3) long-term strategic alliances with Chilean organizations with track record and impact in large communities.

As part of the strategy to interest members of the new generations, they are invited to the board of directors and the investment committee as listeners.

Mustakis Foundation firmly believes in collaborating by generating synergies and networking as a way to multiply its impact through financial and non-financial support. Understanding the demands and speed of today's world, the organization recognizes that innovation requires transparent communication and constant evaluation, as well as the need to be flexible and critical of the processes, to achieve continuous improvement and systemic learning.

Its endowment bequeathed by the founder Gabriel Mustakis Dragonas has been managed through an investment committee that administers the assets of Mustakis Foundation, by decision of the council.

Its objective is to increase the initial endowment generating the necessary returns that allow the foundation to continue with its philanthropic mission, over time. By the end of 2022, 15% of the endowment corresponded to social impact investments.

Currently, the investment committee consists of 5 members. Its members are elected by the board of directors. This committee has a long-term, socially responsible investment vision that prioritizes investments of this nature. This vision allows them to generate a double impact; on the one hand, through its direct philanthropic work and support for third parties in Mustakis Foundation, and on the other hand, by investing in global funds and initiatives that seek positive social impact and market returns.

As part of the strategy to incorporate and interest members of the new generations, they are invited as listeners for 2-year periods, both upon request of the board of directors and the investment committee, thus creating intergenerational mobility aligned with professional and personal interests of each member of the family.

Within the family, discussions on social and business issues are promoted, visits to international institutions that lead projects in the philanthropic sector are organized, and thus, cutting-edge knowledge and reflection on family succession and responsibilities of the new generation are incorporated.

Molymet, a company where George Anastassiou Mustakis was part of its board of directors for more than 30 years, is today a significant base of Mustakis Foundation's income, being one of its major shareholders. With facilities in 4 countries, and the highest quality standards and environmentally friendly operations, Molymet has become a leading company in the industry, around the world. Aware of its exemplary role, it has focused on its economic, social, and environmental sustainability strategy. The family has delegated its representation and participation in the company's board of directors to the 4th generation headed by Nicolás Anastassiou Rojas.

Impact focus

The foundation's focus has been to implement educational and cultural initiatives, and in the last 3 years, it has included the integral development of people through transformative and mobilizing experiences. The training of the team focus on personal and professional development, and a comprehensive vision of the human being have been fundamental to the foundation's model.

To achieve its purpose and demonstrate its impact, Mustakis Foundation has committed to the measurement and evaluation of its programs defining a set of metrics through a data intelligence system, which allows decisions to be made based on collected evidence and the associated reflections. To make this process more sophisticated, an area of studies and metrics was formalized in 2020, which is responsible for analyzing the methodologies and coherence of the guiding model for the comprehensive development that the foundation seeks to promote. By defining evaluation instruments and questioning the quantitative and qualitative dimensions of both the processes and the results, a better transparency and management system was formed.

Due to the foundation's interest in supporting initiatives with demonstrated impact and value in the country, long-term strategic alliances have been established and sustained over time. Among them, Enseña Chile (Teach For All network) stands out, which for more than 12 years has promoted the training of leaders with 240,000 impacted students and a network of 1,000 alumni in Chile. The foundation has collaborated with Teatro del Lago since 2012 to develop and promote artistic education and creativity of students from rural sectors in the Los Lagos region, in southern Chile. And with Teletón, a non-profit organization that seeks to serve people with disabilities, it has sought to promote comprehensive development for more than 10,000 of the 30,000 beneficiaries and their families through joint work in co-designed programs since 2021.

Another strategy for achieving greater scale and impact is the alignment and networking initiative that has been carried out since 2010 with various foundations, public and private organizations, and leaders in Chile. The Territorio Común collaborative initiative developed jointly with the Colunga, Olivo, Fibra, and Avina foundations,[sic] is a community strengthening program that seeks to finance long-term social initiatives in local organizations and grassroots leadership, in the most vulnerable sectors. Another example of an ecosystem-building initiative is the Bien Público corporation, an organization dedicated to the design, implementation, monitoring, and evaluation of social impact contracts promoting this practice in the government and involving civil society.

In addition, as a means to promote socially responsible investment and impact investment, the foundation actively participates as a member of the networks of Latimpacto, Toniic, and the Chilean chapter of the GSG (Global Steering Group for Impact Investment).

The philanthropic contribution has been distributed

40 %

on average in self-managed programs and 60% to support third-party projects.

Within the support provided to social enterprises and innovations that have made it possible to share tools, develop talents, and promote third-party projects, 3 types of interventions aimed at the training of professionals and developing promising projects with potential stand out:

Competitive incubation and strengthening funds for social enterprises, both with financial and non-financial support.

MAP (Mustakis Aporte País) scholarships that through internships seek for professionals to participate in successful organizations in Chile and other countries, so that they can incorporate best practices in their organizations.

HUB Mustakis, which works as a physical facility that offers synergies among organizations, as well as a support program for the comprehensive management of social entrepreneurs who are part of its educational entrepreneurial ecosystem.

The foundation's philanthropic contributions in recent years have been distributed 40%, on average, in self-managed programs, and 60% in third-party projects.

As part of its accountability process, the foundation presents an annual report that accounts for its philanthropic management and results called "Memorias." Starting in 2020, the foundation decided to incorporate a chapter detailing the evolution of its socially responsible and impact investment strategy.

Lessons learned and future challenges

George Anastassiou Mustakis, former president of the board of directors between 2005 and 2022 (currently Past President) explains that beyond the tools, it is essential to have the vision, energy, and motivation to channel all decisions towards collective well-being, both of the family and the society.

The great lessons obtained as a family are grouped into 2 main areas: the first refers to the sense of family, which has been possible due to the active and careful exercise of building a common path and reducing the differences among its members through generating awareness of the ways to invest.

The second is related to the formalization of philanthropic work and the incorporation of new generations, with the following learnings:

An important lesson obtained as a family refers to the sense of family, which has been possible due to the active and careful exercise of building a common path and reducing differences among its members.

- The value of professionalism both from external members of the foundation, and family members, in strengthening the impact strategy.
- The updating of information for knowledge management, which allows them to speak with figures and compare the behavior of its initiatives with other indicators.
- The establishment of family practices that maintain inspiration, such as trips to several countries to learn about other business and social projects that have already managed to measure their impact, to replicate what they have learned in the foundation's own initiatives.
- The involvement of the following generations from a very young age, not only in the projects, but also in the path towards an understanding of the family's philosophy for decision-making processes focused on systemic change.

Daphne Anastassiou Mustakis, member of the board of directors since 2007, adds the importance of being consistent with the organizational mission and vision. This requires a positive approach and a review of the ability to engage in projects and programs with high standards that allow the development of content, impact, monitoring, and evaluation according to institutional guidelines. In addition, she highlights the following learnings:

- Highlighting the lines and topics with which the foundation works, both external and internally: programs and activities that allow to connect with nature, joy, music, dance, singing, and arts, as a source of power for the integral development of people.
- The construction of a more democratic, cooperative, and collaborative leadership. Relying on the organizational chart and defined project lines with the opportunity to improve organizational communication.
- Incorporating and deepening more feminine values, such as empathy, reflection, intuition, assertiveness, communication, and greater acceptance of diversity. Values that are reflected in decision-making processes and work dynamics.
- Promoting continuous learning to develop the awareness of each person linked to the foundation through openness to various experiences with participation in workshops, talks, and coaching, among other initiatives.
- Having spaces, so that people can be heard, express themselves, contribute, and collaborate, questioning work methods and being open to becoming more flexible in the face of several scenarios of change.
- Developing a critical spirit recognizing strengths and weaknesses as individuals and as an organization by approaching work with humility and being aware of limitations. This will allow the foundation to continue advancing in its mission, both individually and as a group *[sic]*.

Finally, within the field of socially responsible investment and endowment management, one of the main challenges for the Mustakis family was to verify that investments with impact can be included without affecting profitability, something that was ratified in recent years, where portfolios that had these filters have had returns in line with traditional investments.



Social commitment and sustainable development


Restrepo family, **Colombia**

Origins

Since its first generation, the history of the Restrepo family has been marked by social commitment and a sense of responsibility that has guided decision-making based on fundamental values, such as gratitude, respect, prudence, and wealth preservation.

The family has always had big dreams and understands that to achieve them, they need to unite with others. This certainty has been maintained since their first business initiative, which took shape in 1906, with the founding of Luker, a company dedicated to manufacturing chocolate in the city of Manizales, a mid-sized city in Colombia.

Later, in 1994, they created the Luker Foundation, which was initially funded by the company and later by the family's endowment fund. The creation of the fund allowed the family to better articulate its impact-oriented initiatives, to strengthen their commitment to the city of Manizales, and provide a more structured approach to the actions carried out by the family.

 The family has always intended to make a lasting impact.

Initially, the family's social impact focused on responding to specific needs and requirements in the Manizales community. However, the family has always had the intention of producing a lasting impact with the certainty that an educated and entrepreneurial person is able to generate development for themselves and the community. That is why all initiatives always had a social investment component, regardless of whether they stemmed from the business or the foundation.

In addition to seeking the well-being of the communities, the commitment has been to generate development. In this perspective, they have worked with thematic and methodological experts to incorporate best practices and use the available resources as effectively and as efficiently as possible, thus maintaining interventions in their territory of influence, and supporting and inspiring other actors.

Governance

This case focuses on the governance of Luker Foundation, an entity characterized by generating social impact and uniting the family around its purpose.

The connection between different generations of the family has been possible thanks to the admiration they all share for the results of the companies and the foundation.

Initially, the board of directors of the foundation was made up of four family members who met informally to select and monitor the projects they carried out from a project bank that contained the city's requests. Over time, education was established as a priority for their interventions and they decided to bring in experts to assist in making decisions about which projects to support.

Since then, a structure was defined in the board of directors that included experts as external members with "voice and vote". This gradually expanded until 50% of board seats were taken by family members and 50% by external experts. Recently, the Foundation established a finance committee responsible for evaluating and defining the strategy to implement impact investing.

The connection between different generations has been possible thanks to the admiration they all share for the results of the companies and the foundation. Family members join because they learn from previous generations, in both formal and informal interactions. However, starting with the 4th generation, more structured initiatives have been implemented to involve younger generations in the decision-making processes, such as their participation in the board of directors.

Impact focus

The impact strategy involves both the company and the foundation, allowing the family to explore various options along the continuum of capital. It has also invested in education and entrepreneurship funds based on the philosophy of collective work influencing the ecosystem through demonstrative experiments. This shows that the family's commitment to strengthen economic development and education predates more recent conversations about impact investing by quite some time.

Mid-sized companies from Manizales have generated more than

3,200

formal jobs in the city.

When the foundation launched its entrepreneurship support program, they had the support of Babson College, a leader in this topic, to design their strategy. They came up with a two-pronged approach: 1) Focusing on medium-sized companies with growth potential due to their eventual employment capacity. To illustrate this, medium-sized companies participating in this program have generated more than 3,200 formal jobs in Manizales, a city of 434,403 people. 2) Providing non-financial support to companies with growth potential, since the key to strengthen these companies was to provide them with tools to improve their business practices and connect them with the ecosystem. In this process, the curriculum of universities in Manizales —known as the university city of Colombia— was also strengthened, through a Babson review aimed at developing an entrepreneurial mindset.

The Foundation has been guided by an impact thesis that seeks to promote the development of Manizales and contribute to the dynamism of its economy. In the last 6 years, the commitment to work in the development in rural

areas of Colombia has been added, such as in the Urabá of Antioquia, Casanare, and Huila, the foundation has invested in the creation of replicable and scalable models that can be applied in similar geographies to expand the scope of the initiatives and generate a greater impact.

An example of this strategy is the cocoa anchor crop program, where the actions of the foundation and the company are united in a joint project. The foundation contributes its knowledge in education, entrepreneurship, and collaborative work, and the company provides its knowledge in cocoa, financial resources, and responsible business vision. This program strengthens farmers' capabilities with a local approach, and in turn establishes demonstrative and scalable cacao crops that can serve as a model for the development of the Colombian countryside and other similar geographies through replication and scale of this program.

An evidence of how impact is weaved into the family's DNA, is that Luker is certified as a B Corp, a mark that formalized a long-held commitment given the company's 106 years of history, demonstrating the balance between social and ethical standards with profitability. In addition to its B Corp status, the company has impact investment vehicles, and recently acquired the majority stake in a B Corp in Europe focused on generating a triple bottom line. In this way, the business group has two B Corp certified companies, one of which is among the top 5 in the Dow Jones Sustainability Index, which highlights the commitment to generating a positive impact in the social and environmental sphere.

In this process, measuring performance and collecting good practices have been fundamental actions for improvement and innovation. To this end, the company has developed its own standards with which to ensure that its investments generate the greatest possible impact. These standards bring together external evaluation of its projects, advancing in the B Corp certification, and ESG standards. On the other hand, the foundation has been a pioneer and led rigorous measurement processes with experimental methods, with the aim of continuing to perfect its impact strategies.

Lessons learned and future challenges

The Restrepo family acknowledge how highly they value generating well-being and social development. For this reason, they have always worked with allies who share the family's values and objectives. Currently, they work under the concept of shared value, which has been welcomed by family members, because they know that it is necessary to cooperate with other partners to solve structural problems, such as education.

An entrepreneurship¹⁹ initiative at the Foundation led them to assess the possibility of offering the methodologies and tools that have been successful to other actors, so that they can apply them in their own geographies.

The family has considered three fundamental practices: measurement, engagement of external experts, and having a thematic focus.

One key learning from the entrepreneurship program developed with Babson is that non-financial support is essential. They also found that appropriately selecting program

participants according to their capabilities and commitment is critical.

In this process of designing and implementing solutions to generate a positive impact there are three practices the family has considered essential: measurement, the participation of experts, and having a thematic focus. These practices complement each other and allow informed decisions to be made, leveraging different sources of knowledge.

This process is managed through a lead-by-example approach that is, not only what is said is important, but mainly what is done. For this reason, through their various impact vehicles for generating impact and in each of the decisions they make and actions they carry out, social responsibility and transparency prevail.

As a final remark, the family states that "we have always had big dreams, both business and social ones, and we have been aware since 1906 that to pursue those dreams, we need the union of many." That is why their recommendation for other families and organizations that seek to generate an impact is to understand that social causes are too big for any actor to take on alone, and it is through alliances that it is possible to add knowledge and resources to move forward.

¹⁹ This model seeks creating opportunities that make solutions sustainable and scalable.




The family purpose in the generation of social and environmental impact

Russo family, **Brazil**

Origins

In 1998, physician Ewaldo Russo assumed the position of CEO of Fleury, an organization founded in 1926 with a strong commitment to addressing the health challenges of the time, an issue that was a primary concern for the family. This set a precedent for the importance of generating positive changes in the community; believed to be a responsibility of the family for the privilege of being prosperous in Brazil.

This certainty has been present since the first generation made up of Ewaldo Russo and his wife Luiza, alongside values, such as empathy, discipline, recognition of others, and family unity that have been fundamental to guide decisions and actions. These values were instilled in their three children, Fernando, Felipe, and Flavia, who decided to continue strengthening the social responsibility approach and expanding it to the environmental field. Felipe and Fernando Russo do that from Meraki Impact, with the executive leadership of Fernanda Meister²⁰.



Health challenges were a primary concern for the family and set a precedent for the importance of generating positive changes in the community, believed to be a responsibility of the family for the privilege of being prosperous in Brazil.

Meraki Impact was founded in 2016 with the mission of aligning family office investments with family goals, as well as efficient and sustainable wealth management. It currently manages the family's impact portfolio with the mission of catalyzing investments to mitigate climate change through funds and enterprises that promote regenerative agriculture, and transform food systems to be environmentally responsible and socially just.

This work shows the family's perspective on impact, understood as the generation of positive changes through several outreach strategies with vulnerable populations. This can be achieved through direct interventions, the development of programs to strengthen ties in a territory, and/or establishing long-term alliances with shared purposes.

²⁰ Leading since 2021.

Governance

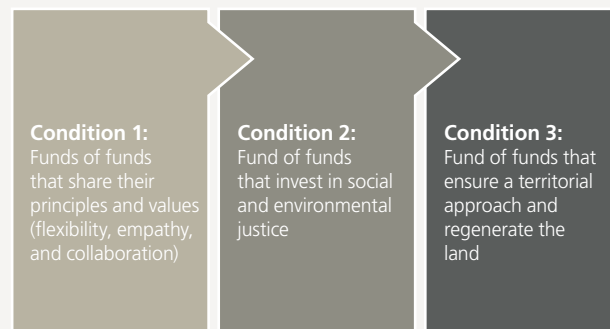
Currently, the Russo family has external advisors and the active participation of the second generation in decision-making. Its stake in Fleury represents 30% of its portfolio, while the remaining 70% goes to its philanthropic and high-risk investment strategy. The family has also decided to allocate 10% of their wealth to philanthropy to be disbursed over 20 years through Instituto Meraki.

In the last 5 years, this has been led by Fernando Russo as manager, Felipe Russo as head of philanthropy and impact, Fernanda Meister as fund manager, and Vinicius Contieri as investment analyst. In the due diligence process, they work collaboratively to evaluate whether the investments meet the thesis and impact criteria. In this sense, each one contributes their knowledge and skills to carry out the best analysis and enable decision-making by the investment committee (IC), led by Vinicius, and made up of family members and 2 external members.

The asset allocation strategy has allowed the family to make decisions in a structured manner and to incorporate new values, such as collaboration and constant learning. Investments are currently focused on transforming food systems, especially regenerative agriculture, and philanthropy prioritizes grants to independent, community-based funds, and is built on trust and collaboration. A summary of the investment thesis is presented in the figure.

The Russo family founded Meraki Impact with the aim of maximizing global impact inspired by Fernando Russo's vocation to preserve forests, restore degraded land, protect biodiversity, and reduce deforestation. This vision also became

Investment Thesis



Source: Russo family.

an opportunity to safeguard family investments and move towards impact investing.

In recent years, Meraki Impact has become the mobilizing axis of the family's impact investment, directed towards regenerative businesses with a focus on the bioeconomy and the potential to transform food systems through various vehicles, such as patient and flexible capital, in addition to philanthropic approaches.

In the transition process to the 2nd generation Felipe Russo became involved as a resilience and climate change leader, and his brother Fernando became involved as director of Meraki Impact. Both work directly with Fernanda Meister to guarantee a 100% impact portfolio.

Impact focus

Meraki Impact as an umbrella strategy

Meraki Impact, as the organization in charge of managing and leveraging the family's investment strategy, covers various lines of action that include the transition of Fleury's shares towards greater impact, the management of investments in banks (debt, equity, venture capital, ETF²¹, and bonds), the philanthropic strategy through donations, the impact fund of funds at a global level within Meraki, and Instituto Meraki at a national level.²²

The operation of some of these lines is described below:

1 Philanthropic strategy: grantmaking. An investment fund corresponding to 10% of the family's wealth is allocated yearly, in December.

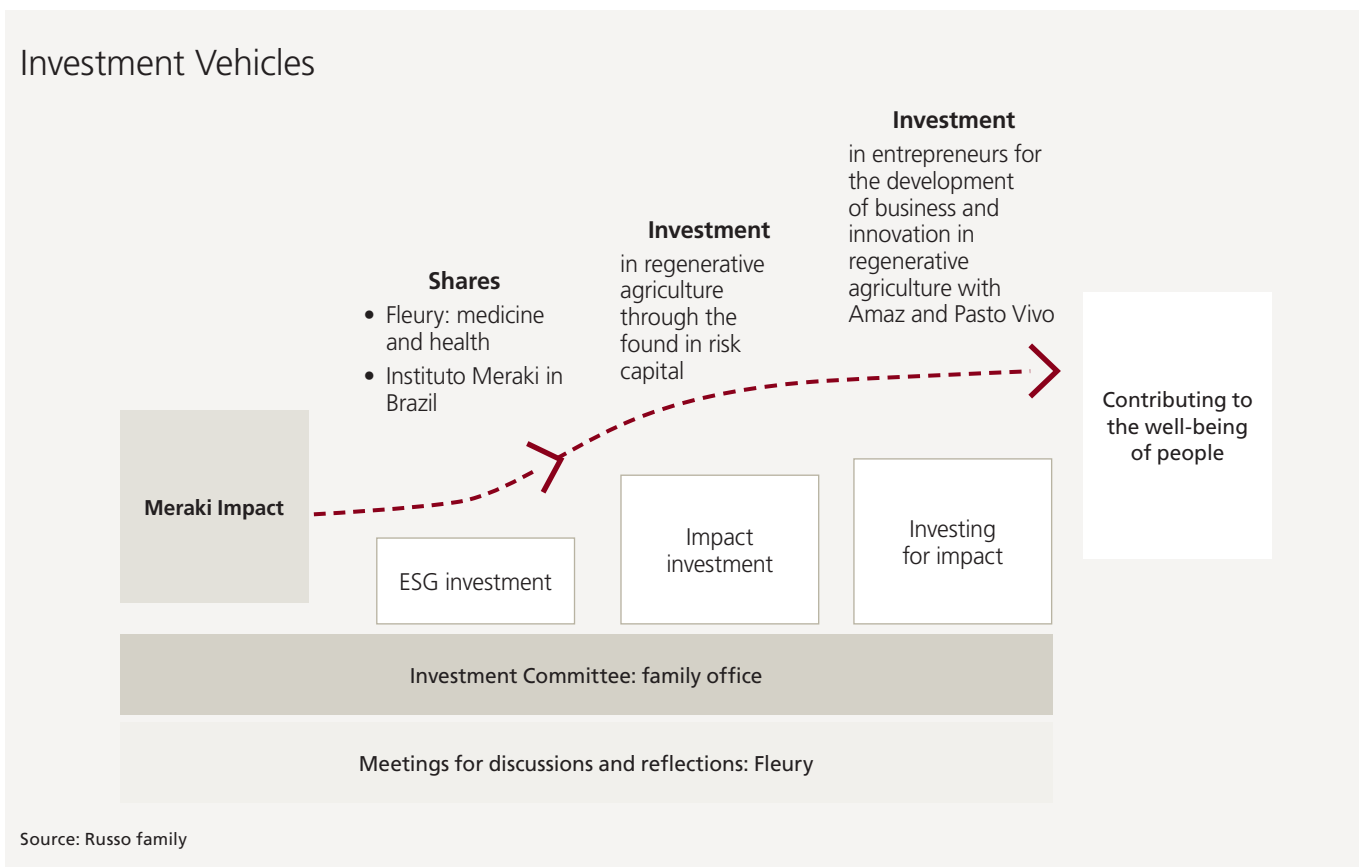
It is important for the family to actively participate in discussions about investments in the country, which is why they participate in discussion tables and networks in Brazil, strengthening the

advocacy work of partners such as Rede Comúa and Fundo Casas.

2 Impact fund: through the Amaz accelerator. Amaz is an investor and accelerator that operates in northern Brazil and has a hybrid financing fund to support funds and entrepreneurs with the potential to strengthen the bioeconomy, transform food systems, and promote healthy soils and biodiversity.

3 Other long-term investments: These investments, with terms of at least 4 years, are managed through a guideline defined by the second generation to mobilize all their investment portfolio based on environmental, social, and governance criteria (ESG).

The figure below shows the different investment vehicles:



²¹ It refers to the money listed in the stock exchange, for its name in English, "Exchange Traded Fund."

²² An association focused on mental and emotional health.

Lessons learned and future challenges

Systemic and Collective Vision

The systemic vision has been a consequence of a collective learning experience involving family members, external advisors, and an active community in each territory, which leads them to have an increasingly clear and robust long-term vision.

From the perspective of Felipe Russo, the initiatives with direct impact that have allowed resources to be delivered flexibly with the higher purpose of contributing to the recovery of the land and reducing the negative effect of food production worldwide are:

- 1 The Amaz impact accelerator, focused on sustainability and business development²³.
- 2 The Pasto Vivo impact initiative, with a focus on investment in innovation for regenerative agriculture.

These initiatives represent the importance of aligning the impact strategy with family and personal beliefs, which then become a predominant factor when choosing funds and/or beneficiaries.

Although the family considers that it is fundamental to properly understand the impact of their investment, it has not yet established a quantitative measurement practice, since it considers that qualitative changes are robust evidence that is directly observed in each territory and allows them to learn and improve continuously.

Currently, they recognize the existence of important challenges in the development of the impact ecosystem. Some of these relate to the need for clear rules for the development of innovative finance that impacts the territories, centered on human beings and their environment, a situation that they believe is improving.

Times of crisis have been a great opportunity to act and demonstrate the transformative power that families have in times of instability.

On the other hand, they face the challenge of the time required to implement systemic change projects compared to the immediacy of investment needs, particularly in reforestation and climate change, leading them to often deploy support teams in the territories in which they operate.

Finally, they affirm that times of crisis have been a great opportunity to act and demonstrate the transformative power that families have in times of instability. By creating an alternative to depending exclusively on the public sector, impact capital can contribute to balancing the externalities of economic changes.

²³ Most of them are base or subsistence businesses (social entrepreneurship). The support that they provide is financial and non-financial in nature, and has the active participation of Meraki members who contribute to the sustainability of social entrepreneurs based on their knowledge, experience, and connections.



Developing an ecosystem of social entrepreneurship

Sánchez-Navarro family, **Mexico**

Origins

In its fourth generation, the Sánchez-Navarro family has more than 50 members and a very long tradition. Despite being a large family, it has a unified definition of values passed down since the first generation that include, among others, work, honesty, ethics, business responsibility, civil responsibility with the community, and a deep love for Mexico. These values have had a profound effect on the commitment of family members to development and impact projects.

The family investment theses incorporate new visions over time due to succession events as each member of the family gains access to the management of resources. These evolutions occur since whoever is in power to make decisions promotes the investment in the direction of their interests and convictions, leveraging the knowledge of previous generations and incorporating the innovations of younger ones. This is evident in the diversity of investments along the continuum of capital. Some members have worked with an emphasis on financial return and others with a clear focus on social and environmental impact, or a mix between these approaches.

 The family investment theses incorporate new visions over time due to succession events.

In the case of Felipe Fernández Sánchez-Navarro, his interest in generating impact comes from the example of the women in his family (his grandmother, mother, aunts, and cousins), who have played a role as caregivers and promoters of social issues, especially in the field of philanthropy in education and health. Also, in his family environment, corporate social responsibility has always been present due to the example and insistence of his grandfather, who exposed him from an early age to a commitment to the community and the intention to do something beyond generating financial returns.

Governance

The Sánchez-Navarro family has governance structures that are developed by lineage and organically in accordance with the core project of each branch and family member, organizing around business, or impact topics and strategies that they are working on.

Something that fosters family unity is having a physical space where everyone comes together at some point, generating the exchange of ideas and sharing experiences, critical elements to promote joint investments, and sharing best practices.

These meetings are complemented by more periodic executive meetings where common and individual asset management issues from the last 3 generations are analyzed.

Felipe Fernández, who supported the production of this case, holds an annual meeting with his family (his brother and his mother) where they have conceptual conversations based on academic studies and other evidence to think about strategic issues. Subsequently, the definitions given in these meetings are built into an action plan that each member takes to their business actions. In Felipe's case, he translates strategy into implementation on systems-based impact investment issues. This investment model was developed by CO_, a systemic impact organization co-founded by Tania Rodríguez Riestra and Felipe, that has promoted the impact investment ecosystem in Mexico since 2011.

This is a leap in sophistication, both in terms of processes and in decision-making, since as recently as a decade ago the family foundation did not have clear criteria for grantmaking. It did not have a precise definition of how much to allocate to philanthropy and to investment, or how to measure the social and environmental impact results of either.

Nowadays, however, philanthropic investment and impact investment are considered with a more strategic perspective. The first is understood as the channel to address those needs that cannot be addressed by a profitable economic model, generally in matters of relief and prevention. The second seeks to contribute to solving social and environmental challenges while generating an economic return. In addition, the family has some joint projects and other individual ones with an investment focus that has ventured into technology, real estate, and impact sectors. The latter has been led by Felipe, who through the CO_ initiative has deployed his family impact strategy with a focus on venture capital and development of the impact ecosystem.

CO_ was born in 2011 with the aim of delving into the then novel concept of impact investing and the commitment to adopt a rigorous approach in measuring the social and environmental value generated. Initially they intended to make direct impact investments, but encountered a significant limitation: the lack of investment-ready projects.

Faced with this situation, they decided to redirect their focus and concentrate on strengthening the impact ecosystem and capabilities in Mexico through CO_ Plataforma, an NGO. To achieve this, they adopted various strategies that involve collaboration with external organizations that promote impact investment and the development of the ecosystem.

With a long-term vision, they invited organizations that inspire university students about the possibility of doing business with an impact lens; they collaborated with incubators to connect them with social entrepreneurs; they worked with Sistema B to validate and accompany the entrepreneurs that they were supporting, and to ensure that they maintain their commitment to generating impact.

Currently, philanthropic investment and impact investment are considered from a more strategic perspective.

In 2018, and because of these actions, an interesting pipeline of investable opportunities began to emerge.

In parallel, other families were identified that were also wondering how to align their values with the generation of social and environmental impact. Based on these findings, they proposed giving greater visibility to the structure and CO_ Capital was founded so that other families could join. Their intention was not to achieve individual market dominance, but to set up a collaborative initiative available to the largest owners of capital in Mexico.

In this way, the first impact investment fund was launched in collaboration with a group of close families. Together, they established clear goals aimed at poverty reduction and environmental regeneration with an intention to return triple impact: environmental, social, and financial.

CO_ works with a systemic vision of impact, which is why it has developed and aggregated various vehicles and capabilities to advance in the redesign of systems in favor of people and the planet. Four initiatives have been developed that integrate and strengthen its strategy:

- **CO_ Plataforma:** NGO whose focus is on building the impact ecosystem, supporting entrepreneurs, and strengthening businesses through responsible investment²⁴.
- **CO_ Capital (B Corp):** Investment fund manager that provides mezzanine capital and debt, as well as designing specific instruments for the needs of impact ventures.
- **Co_ 360:** Consulting company dedicated to accompanying organizations in measuring the impact of their capital and business model.
- **Flux Financiera (B Corp):** through which traditional financial instruments are created, which generate value for ecosystem organizations.

Decisions are based on systems studies and rigorous measurement undertaken by CO_, which allow them to be more assertive in identifying opportunities to catalyze impact at scale, and gauging the social and environmental value generated.

Systemic studies allow them to identify the leverage points in a specific system to strategically deploy philanthropic, catalytic, or impact capital, and promote its improvement. On the other hand, impact measurement is carried out based on the specific characteristics of each asset class (venture capital, private equity, or public markets), and sector (agriculture, education, health, etc.).

Decisions are based on systems studies and rigorous measurement undertaken by CO_.

The family uses various methodologies to measure impact according to the type of asset. It considers a mix of global standards, such as GRI (Global Reporting Initiative), IRIS, The Impact Project, SDGs, and Sistema B, among others.

²⁴ For this process, we considered the Sistema B certification standards.

Impact focus

The resources used by the family to finance its impact investment strategy are diverse. They include companies, their profits, personal investments, and assets acquired through inheritance. It also considers its political, social, and human capital to advance its impact commitment.

Sixty percent of the portfolio is allocated in public markets (equity, debt, and alternative assets) and the remaining 40% in venture capital and private equity investments. The management of these investments is done through a family office for shared services that carries out administrative, legal, and fiscal monitoring of all investments, and where the family relies on CO_ for systemic research, as well as for impact measurement in private and public markets.

Additionally, Felipe joined Generation Pledge, an organization that promotes strategic philanthropy through the commitment to invest at least 10% of family assets over the next 5 years in relief and prevention projects to address the most urgent local needs, regional and global issues. Some of the initiatives are:

Alianza para la Seguridad Alimentaria, an NGO that seeks to redesign the food system in Baja California Sur.

Los Cabos Children's Foundation, dedicated to strengthening organizations that work for the health of children and adolescents in Baja California Sur.

Crowther Lab, which provides measurement tools and knowledge for the regeneration of planetary biodiversity.

Belong Center, which provides a sense of belonging and life to the members of their communities for full human development and to activate agents of change.

The structure of the portfolio is distributed

60 %

in public markets (capital, debt, and alternatives) and the remaining 40 % in venture capital and private equity.


Lessons learned and future challenges

Knowledge management is essential for strengthening impact investment. The experience acquired in impact investing has resulted in an investment model focused on sectors, and based on rigorous studies of a specific and systemic nature, that allow the identification of leverage points to determine investment areas with the potential to generate greater positive impact. This is achieved through the analysis of value chains, available financial vehicles and instruments, and social and environmental needs.

To date, five studies have been carried out on education, employability, environment, and gender, from which the family defined the key stages on which investments should be focused.

It has been important to participate in forums and other communication spaces to connect with institutions that promote this impact investment logic, and promote the sharing of good practices, as it allows them to incorporate those that are related to the family's own processes.

The learnings have shown the relevance of working with a systemic approach to strengthen the impact investment ecosystem. In fact, Felipe Fernández was the first to support the Latimpacto proposal in Mexico.



The experience acquired in impact investing has resulted in an investment model focused on sectors and based on rigorous studies.

Looking towards the future, they consider that the greatest challenge is to redefine the meaning of success in the economy and have assertive communications, aligned with the needs of humanity and that has inspiring figures, so that people associate success with the generation of social and environmental value, more than just with the generation of wealth.



Multiple vehicles to promote change

Sesana family, **Colombia**

Origins

Arturo Sesana founded Productos Alimenticios Doria (Pastas Doria) and Productos del Maíz (Promasa) in 1950 motivated by the dream of giving a prosperous future to his wife and children. Arturo was an innate entrepreneur and impact investor who instilled in his children respect and empathy towards others, and the mentality of helping the most vulnerable in the country. This generated a harmonious relationship among family members through values, such as empathy, respect, integrity, generosity, innovation, and discipline.

Melissa Sesana, a member of the third generation of the family, highlights that these values have been the foundation for the creation of wealth, as well as the guide and inspiration, both in business, and in the investment and philanthropy strategy. This demonstrates the respect that her grandfather's legacy still inspires, for his experience in business and for being the pioneer in the generation of family wealth.

Family values have been the foundation in the creation of wealth, as well as the guide and inspiration in the investment and philanthropy strategy.

As one of the youngest in her generation, Melissa has developed a personal perspective that leads her to believe that the family has been making impact investments even before that concept became more widely known. From her point of view, impact is present in a mindset of empathy and support towards the local ecosystem in Colombia, recognizing that all economic activity has consequences, and that is why decisions must be made consciously.

Governance

Managing impact investing in the family has been an organic process built on contributions of each member of the three generations. Along this path, they have discovered the importance of the intentionality²⁵ for change as a basis for defining the impact strategy. In turn, this has allowed the creation of individual initiatives that expand the vision and scope of family actions in this area.

In the 1970s, Inversiones Brembo S.A. was created as a holding company for all the companies operated by the family, and over time it became the main vehicle for managing family assets and investments after the sale of Pastas Doria and Promasa in the 1990s.

Subsequently, in 2006 The Arturo and Enrica Sesana Foundation (FAES) was created with a focus on philanthropy and as a complementary vehicle for the endowment fund led by Alfredo Sesana, from the second generation (Melissa's father), president of the foundation. The Foundation has contributed to the well-being of children and the elderly in Colombia, investing strategically in education and health projects.

Due to his innovative spirit, Alfredo Sesana had invested in regenerative agriculture and solar energy, which served as inspiration for Melissa who in 2016 started her personal venture called Asiri, a private investment vehicle with its own resources that is independent from her family's governance.

Through Asiri, Melissa Sesana supports entrepreneurs in Colombia and Latin America who are addressing some of the development challenges of the base of the pyramid.

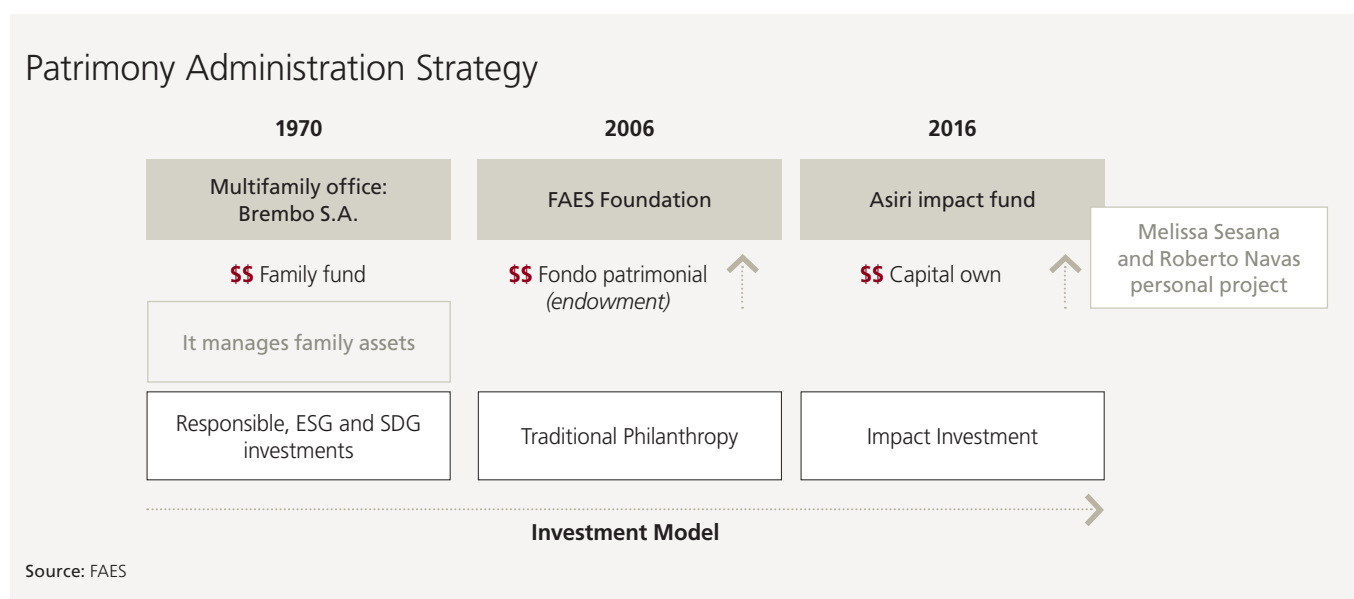
Asiri operates as an impact fund manager with investments in companies dedicated to renewable energy, financial inclusion, agricultural technology, financial technology, water use, and impact management, among other sectors.

The figure below shows the family's three vehicles, their financing sources, and their investment models.

The administrative structure of these vehicles includes the participation of Alfredo and Melissa Sesana, each one from a complementary position that converges on family values. Alfredo has a more conservative vision, but open to change; Melissa²⁶ has a flexible vision and directs investments to responsible companies aligned with the SDGs. She is currently a member of the board of directors of Inversiones Brembo S.A. and she participates in decision making directly and as co-founder of Asiri.

Over the years, the family has structured a portfolio with diverse financial instruments through Inversiones Brembo S.A., from private capital, venture capital, and direct investments in bonds and debt.

The family has been successful in identifying early on the difference in scope between impact investment and philanthropy. They have understood that this implies a different degree of involvement and closeness, which allows them to effectively address the search for solutions to social and environmental problems generating significant impact.



²⁵ The intentionality in this case refers to the conscious recognition of wanting to generate impact and the possibility of providing all the technical and financial resources to achieve that it is positive.

²⁶ Of the 3 Sesana sisters: Melissa, Veronica, and Catherine, nowadays, only Melissa participates actively in the making of decisions.

Impact focus

Rigor in the allocation of resources is of great importance for the family and has required a vision beyond donations committed to generating a social and environmental impact.

A notable example of this commitment is Melissa's participation in the first solar energy project that involved the second and third generations, known as **SunColombia**. Through this project, the family supported the development of a prepaid energy strategy for off-grid homes²⁷ in La Guajira, northern Colombia.²⁸ The initiative has generated a multiplier effect, allowing a greater number of people in this region to have access to energy.

They are exploring various ways to establish their own system of measurement that allow them to assess the results in a more precise manner.

This project opens the door to non-conventional sources of renewable energy as an option that today represents less than 2.4% of the country's supply.²⁹ For Juan Diego Gómez, co-founder of the project, the main objective is to provide essential services to these communities, such as internet connectivity, water, and education to improve the quality of life of the people of La Guajira.

The technical implications from this initiative were:

- The deployment of a payment ecosystem through flexible measurements, both for payments and collection;
- The development of a web tool that integrated the several devices and connected users with the service;
- Efficiency in data administration and processing through machine learning to reduce response times;
- The use of a measurement system using a metric card to activate the system.

Currently, Brembo supplements this action by increasingly directing its traditional investment approach towards a more responsible one with ESG parameters to contribute to the achievement of six of the SDGs that interest them as a family:



They consider tracking and monitoring the results of their interventions to be critical, which is why they usually make field visits and maintain a constant relationship with their portfolio managers. They typically hire specialized impact measurement organizations according to the sector of each project, but the family is exploring various ways to establish their own measurement system that allows them to evaluate the results of their actions more accurately.

²⁷ In off-grid housing, all that is produced and consumed must be balanced to close the cycles of income and exits of energy, and be self-sufficient.

²⁸ Colombia has solar radiation on average higher than that of European countries. The peninsula of La Guajira, in the northeast, and the plains of Orinoco, in the east of Colombia reached the highest national values: 6.0 kWh/m² in 2022 (according to **Modor Intelligence**).

²⁹ Suárez Gómez, H. and Delgado Prada, D., López Rodríguez, O.L. Avance en proyectos de generación eléctrica a partir de fuentes no convencionales. Revista Economía Colombiana. March, 2023. Consulted in: <https://tinyurl.com/28ybfhwm>

Lessons learned and future challenges


Both the creation of the family business and the personal initiative of Melissa Sesana represent a significant achievement for the family. These initiatives have provided the opportunity to channel solutions to strengthen the capacities of social organizations, thus allowing them to optimize their processes and achieve the desired sustainability.

Since they began developing their impact strategy, the family's most significant learnings range from: building internal capacity to assess and evaluate the potential and soundness of impact investments with catalytic capital; to building other organizations' capacity to support entrepreneurs in the region.

Melissa believes that Asiri has shown the family the various opportunities for change that the private sector has in the world of venture capital. With this, she has managed to show the potential of other types of investments, understanding impact as an autonomous and voluntary strategy, and the other models as a minimum reference framework (for example, ESG criteria).

One of the biggest challenges they currently face is the need to achieve consensus on impact measurement,³⁰ leading them to reflect on the most relevant way to establish and monitor their short -and long- term results.

Melissa Sesana, co-founder of Latimpacto, points out that greater collective awareness about impact measurement is still needed. Beyond making it an arduous process, it must be integrated and consistent, and encompass the possibility of incorporating one's own stories and changes³¹ that are most significant to the beneficiaries.



One of the biggest challenges they currently face is the need to achieve consensus on impact measurement.

As advice to other families engaging in impact investing, they suggest evaluating the health of the portfolio, that is, analyzing where the investment is going, internally considering how the family can be better aligned with its investment advisors, and agreeing on the goals and means of investments.

³⁰ The measurement that they have incorporated until now has been through third-parties, via outsourcing.

³¹ Initiatives that are related directly with the theories of change of each project, and the relevant methodologies of monitoring and assessment.

Conclusions



5 ways to strengthen impact

Below are five conclusions from this study, each with a recommendation to continue expanding the topics addressed and/or carry out concrete actions that enable widening the impact generated to date by high-net-worth Latin American families making social and environmental investments.

1 Continue exploring new forms of investments with an impact lens. As families have diversified their investment portfolios, they have begun to deploy their efforts across the entire continuum of capital, and have been dynamic in their forms of investment. Nine of the 10 families use two or more forms of investment within the spectrum.

However, there is still room to continue exploring innovative mechanisms and vehicles in financial and legal terms that allow families to expand their investing for impact approach. Future studies could focus on identifying and analyzing new forms of investment that can be implemented by high-net-worth families in the region, considering the legal frameworks of each country.

2 Strengthening impact measurement. Although all 10 of the families in the study show relevant progress in terms of impact measurement, there is a challenge in relation to choosing appropriate methodologies for each strategy, investment vehicle, and sector. For this reason, it is relevant to have spaces for dialogue, to share experiences and best practices in measuring and managing impact, and to work jointly on the standardization of indicators and metrics that allow for a more precise and comparative evaluation of the results.

3 Encouraging continuous learning and collaboration. Nine of the 10 families interviewed explicitly stated that they are working on at least one collaborative project. It is important to strengthen spaces for dialogue and collaboration with other relevant families, investors, networks, and organizations that strengthen this ecosystem in the region.

More case studies are needed, at a more thorough level of detail, to help demystify investing with an impact lens among high-net-worth families in the region.

4 Expanding the sectors covered by impact investment. Although 7 of the families interviewed support or develop initiatives with a mixed approach (social and environmental), most efforts are concentrated on social issues, such as education, health, housing, infrastructure, and employment.

Future research could explore emerging sectors, such as technology, gender, migration, ecological resilience, biodiversity, and energy transition, among others. This would enable resources to be directed to other relevant areas for the sustainable development of the region, expand opportunities for high-net-worth families, and maximize the impact of investments along the continuum of capital.

5 Enhancing the role of families as catalysts for change. High-net-worth families have the capacity to be catalysts for impact investments, mobilizing financial resources towards innovative projects and promoting the development of the region's impact ecosystem. We recommend further exploring strategies and best practices to strengthen the role of families in supporting this ecosystem in ways that also enhance the impact of their investments.

In future studies and actions related to families and how they manage impact across their portfolios, Latimpacto will focus on exploring new forms of investment, expanding the sectors and areas to which resources are directed, and promoting continuous learning and collaboration on diverse topics, such as investment for impact. Also, it will seek to enhance the role of families as catalysts of change.

The team

This study was carried out by the Latimpacto research and knowledge management team with the support of UBS and the guidance of an advisory committee.

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