

IMPACT REPORT 2019



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INTRODUCTION TO OUR REPORT

MainStreet Partners' 2019 annual Impact Report shares our vision, results for the past year and objectives for 2020. Twelve years ago, MainStreet Partners was established to provide investors with transparent and easy access to sustainable and impact investments. By publishing this Impact Report, we aim to communicate accurately to our stakeholders where capital is invested, and the tangible and measurable impact achieved. Where and how capital is deployed has a strong influence in shaping our future world. For this reason, we want our clients to know exactly where their capital is invested and what financial, social and environmental results they are achieving.

2019 was a year of tremendous growth for MainStreet Partners. Thanks to the successful partnerships we have been building with our clients across Europe, at the end of 2019 we reached €700 million of assets in our investment advisory business and expanded our portfolio analytics services. MainStreet Partners fills a gap in the market providing its clients with a holistic approach that helps them to create and manage ESG global multi-asset portfolios, assess their sustainability profile, and finally to report extra-financial results by drilling down to compelling data points and measuring alignment to the UN SDGs.

We continued expanding our team with Pietro Sette, Research Analyst, who worked at the Climate Bonds Initiative and Fabio Dossena, Investment Director, who joined MainStreet Partners from Trinity Investment Partners, a London-based financial intermediary. Fabio is a Certified International Investment Analyst CIIA® and member of the Italian Association of Financial Analysts (AIAF). Our team now counts five different nationalities and a wide range of experiences from the asset management industry, investment banking and international organisations.

ABOUT MAINSTREET PARTNERS

MainStreet Partners is an independent investment firm, established in 2008 and based in London, which employs the highest standards of sustainability in its investment process and the management of portfolios following a structured and proprietary methodology which integrates financial analysis with social and environmental criteria in a unified evaluation. MainStreet Partners is a strategic partner to private banks and institutional investors, offering them sustainable investment advice in relation to security selection and portfolio construction whereby extra-financial results are measured and reported. MainStreet Partners is a signatory to the United Nations Principles of Responsible Investments and a member of the Green Bond Principles.

Investment Advisory

- Manager Selection
- Direct Investments
- Bespoke Portfolios

Portfolio Analytics

- ESG Analysis
- SDG Alignment
- Impact Reporting



IMPACT OF OUR INVESTMENTS

ALL ASSETS UNDER ADVISEMENT

Investments across all our assets under advisement generated the following social and environmental results:



Financial Services

34,675

Loans to micro entrepreneurs



Social Infrastructure

783

Social housing units built



Healthcare

825,754

High risk patients treated



Food

2,413,089

Organic meals provided



Climate Change

155,721

Tonnes of CO₂ emissions avoided



Education

2,037

Students enrolled

Gender equality is a value for MainStreet Partners which transcends all investment themes. On average across our investments women have a 32% representation on company boards of directors versus a global average of 21%.

€1 MILLION

For each €1 million equally allocated across our assets under advisement, investors achieve the following social and environmental results:



Financial Services

59

Loans to micro entrepreneurs



Social Infrastructure

1.3

Social housing units built



Healthcare

1,413

High risk patients treated



Food

4,129

Organic meals provided



Climate Change

266

Tonnes of CO₂ emissions avoided



Education

3

Students enrolled

ALIGNMENT TO THE UN SDGs

Over the past two years, MainStreet Partners has been developing an analytical model to assess a company's alignment to the UN SDGs by considering: (a) the company's management decisions and operational activities, (b) the company's products and/or services, and (c) the company's behaviour and involvement in controversies. Companies may be positively aligned, negatively aligned or neutral with respect to each SDG.

The model uses data points such as the percentage of revenues a company derives from positive or negative activities, quantitative footprint metrics such as greenhouse gas emissions or water usage, operational policies in place at a company, and finally reports of controversial or unethical business practices.

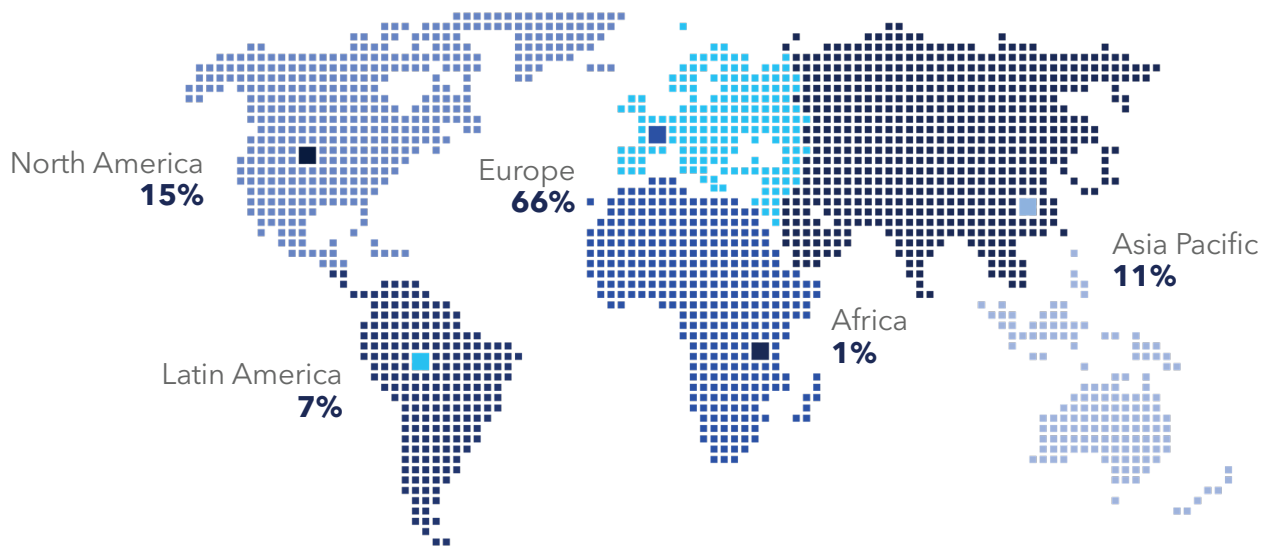
By aggregating company-level data, the model is able to assess a portfolio's alignment to the SDGs which can supplement sustainability due diligence of a fund or prompt sustainability aware investors to adjust their portfolios.

In the following section we have highlighted some of the SDGs to which our showcased investments are positively contributing.

In the chart below you can find the number of investments we have made during 2019 which positively contribute to each of the SDGs. In addition, you can see the geographical allocation of our investments in the map.



GEOGRAPHIC ALLOCATION:



SDGs Allocation:

1 NO POVERTY 	39	2 ZERO HUNGER 	29	3 GOOD HEALTH AND WELL-BEING 	134
4 QUALITY EDUCATION 	12	5 GENDER EQUALITY 	31	6 CLEAN WATER AND SANITATION 	48
7 AFFORDABLE AND CLEAN ENERGY 	126	8 DECENT WORK AND ECONOMIC GROWTH 	105	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	126
10 REDUCED INEQUALITIES 	17	11 SUSTAINABLE CITIES AND COMMUNITIES 	93	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	45
13 CLIMATE ACTION 	126	14 LIFE BELOW WATER 	7	15 LIFE ON LAND 	7
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	9	17 PARTNERSHIPS FOR THE GOALS 	7		



SELECTED IMPACT INVESTMENTS

FINANCIAL SERVICES

Fixed Income

Caixa Bank (Social Bond)

Caixa Bank is a Spanish financial services company which issued a €1 billion Social Bond in September 2019 to finance SMEs in economically disadvantaged regions of Spain in order to promote employment creation, as well as to extend loans to low-income individuals or families. Since Caixa Bank set up its microlending business in 2007, it has granted more than 930,000 microloans, helping families to cover expenses, purchase electrical appliances or acquire vehicles. Caixa Bank's SME lending business supports a variety of sectors but primarily agriculture and tourism which is dominated by microenterprises which are often excluded from the traditional financial sector.

Since 2016, Caixa Bank has supported over 250,000 low-income families

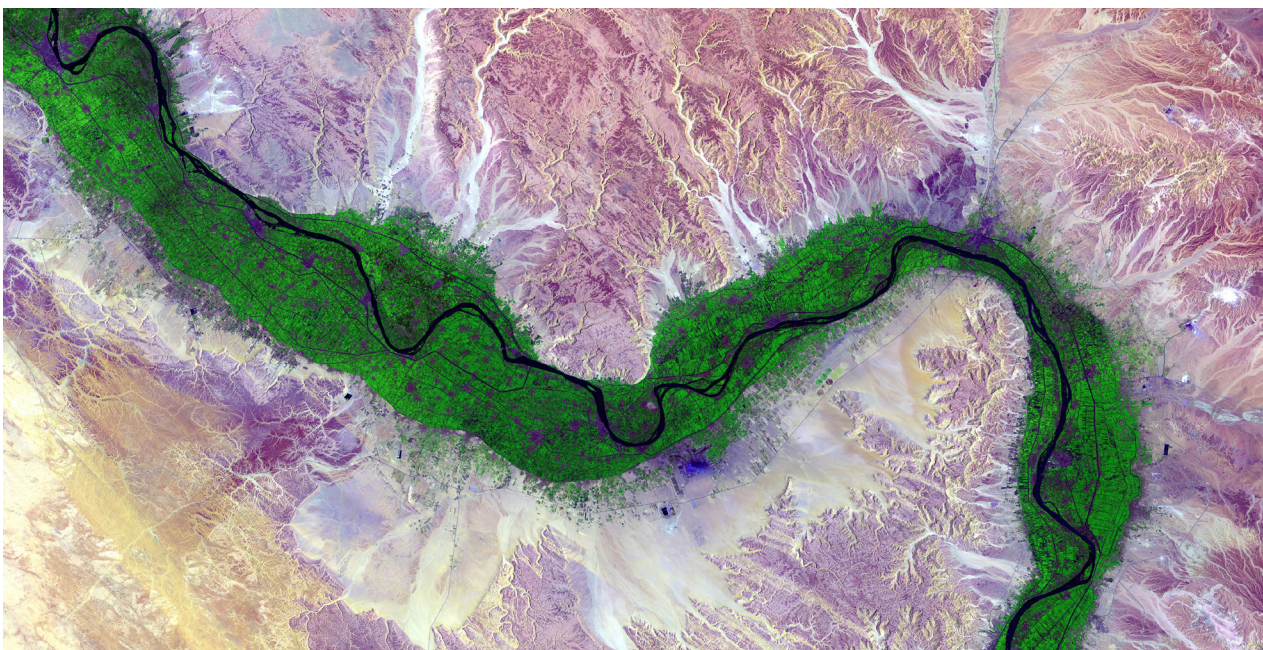
Equity

PT Bank Rakyat Indonesia Tbk

Around 98% of businesses in Indonesia are categorized as micro, small, and medium enterprises employing 7.9 million people and accounting for 43% of GDP. However, these businesses often struggle to access the financial system which overwhelmingly focuses on large companies – out of total bank lending of IDR 4,136 trillion in Indonesia, SMEs represent only 16%. Bank Rakyat is one of the largest banks in Indonesia with a strong track record of providing financial services to SMEs which make up approximately three quarters of its lending book.

In 2019 Bank Rakyat's supported 8.8 million SMEs and microenterprises with an average loan amount of €2,200

Information provided for illustrative purposes only and not to promote companies or investments presented. Past performance does not guarantee future results.



CLIMATE CHANGE

Fixed Income

EDP - Energias de Portugal (Green Bond)

In order to keep warming below a critical 2°C level, the world must decarbonise and move away from the burning of fossil fuels. EDP - Energias de Portugal is a generator, distributor and supplier of electricity with 41% of its installed capacity coming from wind and 32% from hydro sources, substituting electricity generated from fossil fuels. In 2019, EDP issued two Green Bonds for a total amount of €1.6 billion. These bond issuances are aligned with the company's ambition to reduce CO₂ emissions by 75% between 2015 and 2030.

EDP's 2019 Green Bonds financed the installation of 1,931 MW of renewable energy capacity, generated 5,052,016 MWh of renewable energy and avoided 3,220,422 tonnes of CO₂ emissions.

Equity

Brookfield Renewable Partners

According to IEA's Renewables 2019 report, renewable energy will grow by a staggering 50% in the five years between 2019 and 2024. Brookfield Renewable Partners operates one of the world's largest publicly traded renewable power platforms. It is one of the largest owners, operators and investors in renewables globally with over €45 billion in total power assets, 19,000 MW of hydro, wind, storage, solar and distributed generation assets managed by approximately 3,000 employees in 17 countries.

In 2019 Brookfield generated enough renewable energy to power 7,250,000 European households for a year



FOOD

Equity

Hain Celestial Group

Consumers are increasingly focusing on health issues and they are driving demand for local, natural and organic food – this is a demographic trend with nearly 9 out of 10 millennials identifying healthy eating as key to personal wellbeing. The Hain Celestial Group, founded in 1993, is a leading organic and natural products company. Since inception it has been dedicated to making healthier food and personal care products and to reducing its impact on resource scarcity and climate change, especially by minimising food waste. Hain Celestial's tea bags are designed without a string, tag, staple and individual wrapper which eliminates approximately 1.5 million kilograms of unnecessary waste each year.

40% of Hain Celestial's products are certified organic

Equity

Calavo Growers

Rich diets are proven to lead to the proliferation of so called "civilization diseases". In Europe, obesity, cardiovascular diseases, cancer, and diabetes are responsible for 70% of all deaths every year and these are all associated with poor eating habits and unhealthy lifestyles. As one of the largest marketers of avocado products in the United States, Calavo Growers has contributed to doubling the supply of avocados over the last ten years leading to an annual per-capita consumption of 3.5 kilograms of avocados. Consumers have recently been turning to avocados because of the absence of cholesterol and sodium, and the presence of nutritious food components, alongside fibres and vitamins, which produce antioxidants and keep cholesterol levels low. Avocados are a new ingredient in western diets but contribute to fighting against some of the leading risk factors of illness, such as high blood pressure and high blood sugar.

Calavo sold 161,000 tonnes of avocados in 2019



HEALTHCARE

Fixed Income

Caisse Française de Financement Local ("CAFFIL") (Social Bond)

French public hospitals provide health services for the whole population regardless of income. CAFFIL is the financing subsidiary of SFIL Group which is a local government and public hospital funding agency. As at June 2019, CAFFIL had extended loans amounting to €2.6 billion to the French public healthcare system. Its €1 billion Social Bond issued in February 2019 covered loans from all regions in France and supported 97 hospitals, 65,675 hospital beds and 3,464,528 hospital visits.

CAFFIL's Social Bond provided financial support to 97 hospitals

Equity

Teladoc Health

Teladoc Health connects doctors and patients over the internet through video and phone. It enables doctors to diagnose, treat and prescribe medication for routine medical issues efficiently and safely. Teladoc provides high-quality affordable solutions and clinical services 24 hours a day, seven days a week, to its clients and members around the world. The global market for telemedicine technologies is growing rapidly and its necessity in supporting existing healthcare systems is highlighted by the current Covid-19 outbreak.

Teladoc provided 4.1 million telehealth visits in 2019

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SOCIAL INFRASTRUCTURE

Fixed Income

Bank of America (Social Bond)

In the United States, nearly two-thirds of renters nationwide say they can't afford to buy a home because home prices have risen at twice the rate of wage growth over the past decade. Bank of America is one of the world's largest financial institutions and issued its first Social Bond in January 2019 to help address issues that impact low to moderate-income neighbourhoods in the United States. The proceeds of the bond were allocated to affordable housing projects and loans to Community Development Financial Institutions.

Bank of America's Social Bond financed 2,436 housing units for low to moderate-income families between 2015 to 2019

Fixed Income

Credit Mutuel Arkea (Social Bond)

In France, growing concerns over long-term housing affordability have hit the political and legislative agenda during the past five years. Credit Mutuel Arkea issued a €500 million Social Bond to finance loans going towards social housing for low income households in France and Europe. The bank has a strong link with the community and has funded the Ark'ensol association which is the Group's community engagement arm. This association helps new businesses get off the ground and provides assistance and support to families and community organizations.

Credit Mutuel Arkea has financed more than €1bn of affordable housing projects



EDUCATION

Fixed Income

*Cassa Depositi e Prestiti ("CDP")
(Social Bond)*

CDP is an Italian public financial institution whose mission is to invest in the sustainable development of the nation. In March 2019, CDP expanded its Social Bond programme to cover urban redevelopment and the construction of school buildings and educational facilities, with the joint goals of making cities safe and sustainable (SDG 11) and providing quality and inclusive education for all (SDG 4). Of the €750 million Social Bond, €560 million refinanced the construction of school buildings and €190 million refinanced other urban infrastructure. CDP estimates that the buildings refinanced by its Social Bond supported 15,514 jobs and benefitted 587,000 students.

**Existing social infrastructure refinanced
by CDP benefits 587,000 students**

Equity

FDM Group

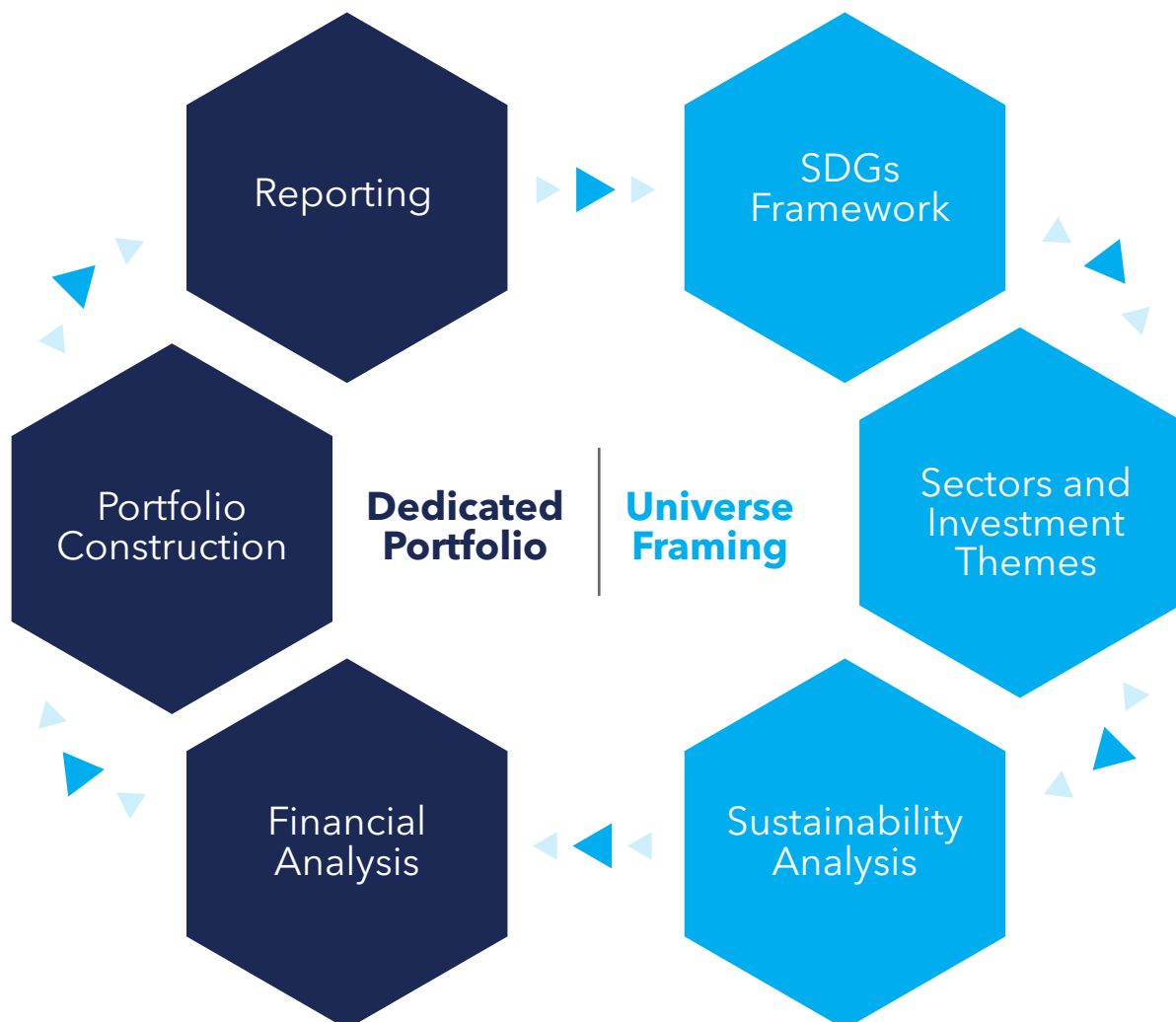
Higher education qualifications are becoming critical for many careers as the job market becomes more specialised and technologically advanced. HR departments are finding it increasingly difficult to hire the right talent and often fall back on heuristics by only hiring those from top universities or individuals based on informal networks, which typically favours those from more affluent backgrounds. One of the leading companies overcoming this structural challenge in the graduate labour market is FDM Group which is an international professional services company that recruits high-achieving graduates and contracts them to blue chip companies as consultants with a view to them being hired after the contracted period. FDM currently has over 4,000 graduates at 400+ companies worldwide.

**Last year FDM helped over 4,000
graduates secure employment in IT**

APPENDIX

Methodology: Impact Metrics

MainStreet Partners has developed a unique investment process that dynamically combines financial analysis, ESG analysis and impact analysis. Our investment process is rooted in the 17 SDGs which provide our targeted sectors and eligible investment themes. Investment opportunities are screened by considering future expected social and environmental results. Impact investments subsequently undergo financial analysis and portfolios are constructed on the basis of both financial and extra-financial metrics. Finally, we report on the outcomes of our investments, summarised in our annual Impact Reports, in order to assess our contribution to each of the SDGs.



Our impact reporting methodology takes into account the size of our investments and the time we have been holding each investment in relation to the total assets of our investees and their social/environmental results. Based on a sample of our actual investments we extrapolate an average of the results in each sector which can be applied to the whole of our portfolio. Calculating the social and environmental results of our investments requires the use of specialized metrics, which are not found in traditional accounting. Starting from a proprietary evaluation framework, MainStreet Partners uses metrics to measure the social, environmental and financial performance of investments under our sustainability themes. For each theme we have selected one metric which, in our opinion, is the best reporting metric for that type of investment. Each metric is chosen based on the investment's characteristics and the underlying data that we can collect, measure and report.

Through our investments, we finance the activity of each underlying company and consequently the social and environmental results they produce. To calculate these results, we adopt a theory of change framework which tracks our capital input through to its outputs and impact. This framework allows us to measure our past results and target our intended impact in future years.

For more information about the methodology used, please contact us at: info@mspartners.org

Data as of 31 December 2019



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