




ALTURA CAPITAL IMPACT REPORT

Transforming Societies by Scaling Diverse-Owned
Businesses, Investing in Low- and Moderate-Income
Communities, and Creating High Quality Jobs

A large, stylized graphic of a mountain range at the bottom of the page. It consists of three peaks: a dark green peak on the left, a light green peak in the center, and a blue peak on the right. The peaks are composed of thick, solid-colored geometric shapes.





ABOUT ALTURA

Altura Capital exists to transform communities through entrepreneurial success. We are a results-driven impact investment firm, led by a team with significant experience in private equity, private debt, and company building.

Altura is uniquely focused on small and lower-middle markets with an emphasis on investments in businesses located in low- and moderate-income (LMI) areas, and those with diverse ownership. We define LMI businesses as those with household income lower than 80% of the area median income (AMI), locations in LMI areas, or 35% of full-time employees residing in an LMI area.

We support the consumer products, business services, specialty manufacturing, and healthcare industries with our unique approach to creating positive returns. Since 2005, we have demonstrated a commitment to delivering ESG returns and bring that experience to our future investments.

We add value to our portfolio companies and support their growth by helping them develop preferred partnerships with leading corporations across America. We align our efforts with investors who share our vision, organizations that share our values, and the global community through the United Nations' Sustainable Development Goals.

We are Altura. And we transform societies through entrepreneurial success.

PARTNER LETTER



We are in the business of creating financial returns through wealth gap transformation. Altura Capital invests in small businesses primarily owned by women and minority entrepreneurs to build stronger, more resilient communities while generating commercial risk-adjusted returns.

Too often, the companies we invest in do not have easy access to capital or the support they need to grow the success of their businesses. This is a missed opportunity for both investment returns and significant community impact.

We believe that business ownership provides the greatest opportunity for wealth creation, bringing economic security to owners while creating new jobs that lead to more resilient communities.

Since 2005, we have responded to the critical need to create more pathways to business ownership for women and minority entrepreneurs.

- ✓ **To date, we have invested more than \$231 million* in 23 small businesses, the vast majority of which have diverse ownership and management.**
- ✓ **Nearly two thirds (64%) of these businesses are located in and serve low- and moderate- income communities.**
- ✓ **Together, these companies support more than 1,400 high quality jobs defined by wage equity, employee ownership programs, provision of health insurance and other benefits, and employee engagement mechanisms.**
- ✓ **Where possible, we encourage equity ownership for employees as a means of strengthening the company and distributing the benefits of its success.**

At Altura Capital, we are impact investors in the truest sense. By seeking out businesses that are owned and run by women and minorities and providing the capital and support system they need to be successful in their communities, we deliver outsized impact that grows as the business scales.

With an 'advance' rather than 'avoid' investment strategy, we strive to build companies that create abundant job opportunities while improving job quality, paying workers fairly, treating customers well, producing quality products, and minimizing environmental impact.

*These data points include Altura's predecessor fund SBCC and HPE. SBCC is an SBIC impact fund that launched in 2015. HPE is a fund that was managed by Signoret prior to joining Altura.

This work is needed more than ever.

The cracks in our economic system exposed by COVID-19 have highlighted the need to invest in these underserved communities, and the slower rate of recovery—in savings, education, and health—for minority communities has underscored it even more.



Institutional alignment is fundamental for the success of this mission, setting the right framework for capital providers to fuel entrepreneurship efficiently.



On May 5, 2022, the federal bank agencies (The Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation) released a Notice of Proposed Rulemaking (NPR) to the Community Reinvestment Act (CRA), which facilitates investment in underserved communities. Under the proposed changes, businesses with greater than \$5 million of annual revenue no longer qualify for CRA capital. This is contrary to our mission and would mark a significant step backward in our efforts to support scalable, diverse business and build up underserved communities.

We typically serve businesses in this segment because we believe they have the greatest growth potential. A successful business at the right scale is a seed for magnificent societal progress, as these businesses create jobs, income stability, educational opportunities, and innovation platforms. Their leaders become role models and access healthcare and well-being resources for their families, their employees and respective families, and the communities in which they work and live.

Despite their significant scaling potential, businesses in the \$5+ million revenue segment remain disconnected from capital and strategic resources. If we ignore these opportunities, these impoverished communities will continue to suffer. Altura firmly advocates to ensure that CRA capital and other sources of institutional capital continue to be available to scalable, diverse businesses.

With this report, we reaffirm our commitment to help transform our society through entrepreneurial success. As we embark on the next chapter of Altura Capital, we are pleased to share our impact measurement and management approach, which provides analytical rigor and consistency to the work we do and allows us to clearly report on our progress along the way.

Whether you are an entrepreneur, an investor, a business partner, or a member of our broader community, we look forward to continuing our journey together.



Monika Mantilla
Managing Partner



Jay Garcia
Managing Partner



Carlos Signoret
Managing Partner



Judy Frodigh
Managing Partner



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IMPACT HIGHLIGHTS

Altura Capital helps each company we invest in become more successful. With greater success comes greater impact—whether by reaching new customers, supporting more employees, or helping to revitalize a community. We are pleased to share the results of our previous investment activity*.

*These data points include Altura's predecessor fund, SBCC, which is an SBIC impact fund that launched in 2015.

100%

are small business enterprises

71%/43%

have partial/
majority diverse ownership

93%

offer 3+ supplemental benefits

64%

are enterprises serving low- and moderate- income communities

79%

have women and/
or minorities in senior management roles

78%

average portion of employees' healthcare premiums covered

1400+

jobs supported across portfolio

140

employees have received equity ownership

CREATING ECONOMIC OPPORTUNITY

Entrepreneurship is a path to transform economic outcomes for both communities of color and the broader financial system. Women and minority-owned businesses that have the potential to scale but lack access to capital are inhibited in their efforts to fund critical growth initiatives, which creates a cycle of under-investment in low- and moderate-income communities. That translates to fewer and lower quality jobs, products and services that do not adequately serve the customer base, and a pervasive wealth gap that continues to grow with each passing year.

Altura seeks to counteract this and create broad-based economic opportunity in three ways:

1. **Provide owners and managers with a proprietary toolkit of custom-fit, growth-oriented solutions**
2. **Illustrate the value and opportunity represented in diverse end markets**
3. **Advocate for the concerns of small businesses in the public and private sectors**

We have seen our active participation in our portfolio companies result in increased business ownership by women and people of color, the creation of new and higher quality jobs in low- and moderate-income communities, and more responsible practices for how businesses relate to their employees, customers, and the environment.



Pictured: Mantilla and Garcia at the Cidrines Lakeland Facility Opening*

*Cidrines is a portfolio company of SBCC, Altura's predecessor fund, which is an SBIC impact fund that launched in 2015.

ENGAGING WITH THE FIELD



We level the playing field for women and minority entrepreneurs through our partnerships and participation across numerous organizations, best-in-class industry associations, and key designations.

- ✓ Co-founder of Small Business Community Capital, SBCC, an SBIC Impact fund with \$147 million under management that provides debt and equity capital to small and mid-sized companies with \$1 million+ EBITDA, focusing on women and minority owned firms and entrepreneurs located in LMI communities
- ✓ Opening session speakers at Merck Economic Inclusion Virtual Lab 2021 (November 2021)
- ✓ Panel member for Women Taking the Lead and the American Council of Life Insurers program highlighting Latinas leading in business (October 2021)
- ✓ Speaker at video event presented by all 12 District Banks of the Federal Reserve focused on the impact of racism on entrepreneurs of color
- ✓ Speaker at the Aspen Institute and Prudential Summit 'Toward a New Capitalism: Investing in Innovation, Impact & Inclusion' (February 2021)
- ✓ 10-year long partnership with Billion Dollar Roundtable, the 'Gold Standard' of leadership in supplier diversity
- ✓ Managing Partner Monika Mantilla is on the Board of USHCC, Hispanic Heritage Foundation, and Stanford Latino Entrepreneurship Initiative, and is a Capital Advisor to Billion Dollar Roundtable
- ✓ Developed 'The Circle of Life on the Capital Savannah' framework in collaboration with the Aspen Institute to help entrepreneurs understand where they are situated in the business universe and what capital and strategic resources can be available to them

Our framework aligns with



And we collaborate with



Operating Principles for
Impact Management



ACTIVATING IMPACT INVESTING



Impact investing for ESG outcomes requires a commitment to continuous learning and shared accountability. We have been investing in impact for decades and continue to evolve our approach for measuring and managing impact as new tools and service providers enter the market. Our investment process aligns with four deal stages, allowing us to focus clearly on the road in front of us while also knowing what is around the corner.

Impact at Each Stage of the Investment Process



QUANTIFYING POSSIBILITY



Altura's Social Transformation Review™ (STR), our proprietary impact assessment process, clarifies the types of impact a company will have and assesses impact based on other companies in our portfolio.

As soon as Altura establishes a new partnership, an impact questionnaire - anchored in four custom categories - is applied to capture how the company understands and executes its mission, quantifies impact KPIs, identifies potential areas for improvement, and surfaces any opportunities related to environmental, social, and governance practices.

Altura's assessment is aligned with our impact pillars, introduced on the next page, as well as the Impact Management Project's Five Dimensions of Impact: What, Who, How Much, Contribution and Risk.

This allows us to put companies on a path toward higher ESG standards, improving business and community outcomes.

Regardless of the baseline starting point, we encourage companies to create a path for improvement. By providing informed guidance to management teams, we work toward marked and visible improvement on ESG metrics year-over-year, which is exhibited in the next section of this report: **Defining Success From the Start.**

For each of the four assessment categories used in the STR (see below), Altura develops an impact thesis to categorize a company based on responses to our due diligence questionnaire and subsequent conversations with management. This is applied to a scoring rubric that results in a rating of "High," "Moderate," or "Low" for each category.

We measure impact performance through clearly defined standards founded in best practices and informed by our experience. This ensures we invest with integrity toward the goal of creating specific positive social and economic outcomes for women and minority entrepreneurs.

STR Assessment Categories



Alignment

How much of company ownership or leadership is represented by women or people of color?



Inclusivity

Is the company a significant employer of women, people of color, or those living in low- and moderate-income communities OR does its core business activity serve diverse and LMI customers?



Influence

Is the company open to engaging with Altura on value-add efforts, including those that help enhance impact?



Stewardship

Is the company committed to responsible and sustainable business practices, with particular attention to material ESG issues?

DEFINING SUCCESS FROM THE START



Core to our investment strategy are three pillars that define our end-game goals from the beginning. We invest to support a range of high-impact situations, including business expansion, acquisition, recapitalization, refinancing, restructuring and private company ownership changes.

Our three pillars allow us to advance our expected impact with clarity, integrate ESG by considering material environmental, social, and governance factors from the outset, and foster successful business ownership for women and minority entrepreneurs.

ALTURA CAPITAL IMPACT PILLARS

Economic Empowerment

Enable wealth creation for women and minority business owners and managers, who are best positioned to build and maintain value-adding products and services for the communities in which they work and live

Inclusive Growth

Catalyze the creation and improvement of quality jobs, especially in low- and moderate-income communities, to contribute toward higher economic stability, community empowerment, and quality of life for employees

Sustainable Goods and Services

Encourage responsible business practices related to product impact, customer experience, and stakeholder awareness as a means of positioning for long-term business success

Results Measurement and Metric Selection

Altura collects data related to each of its impact focus areas to enable ongoing monitoring and management of impact and ESG considerations. Some metrics are customized based on the sector and business. The metrics below are a representative sample of the information we collect from portfolio companies.

Collected for every investment:

- % of ownership represented by employees
- % of ownership represented by women/non-binary gender
- % of ownership represented by historically marginalized (minorities)
- % of management represented by women
- % of management represented by historically marginalized (minorities)
- % of board of directors represented by women
- % of board of directors represented by historically marginalized (minorities)
- % of workforce represented by women

Collected for every investment:

- [Y/N] company is located and operates in low- or moderate-income community
- % of employees living in low-income areas
- # of full-time jobs supported
- Type of benefits offered
- # of employees participating in healthcare benefits
- % of healthcare benefits premium covered
- Wage equity ratio
- Wage premium ratio
- [Y/N] company has an employee feedback and grievance system

Collected based on sector and business model:

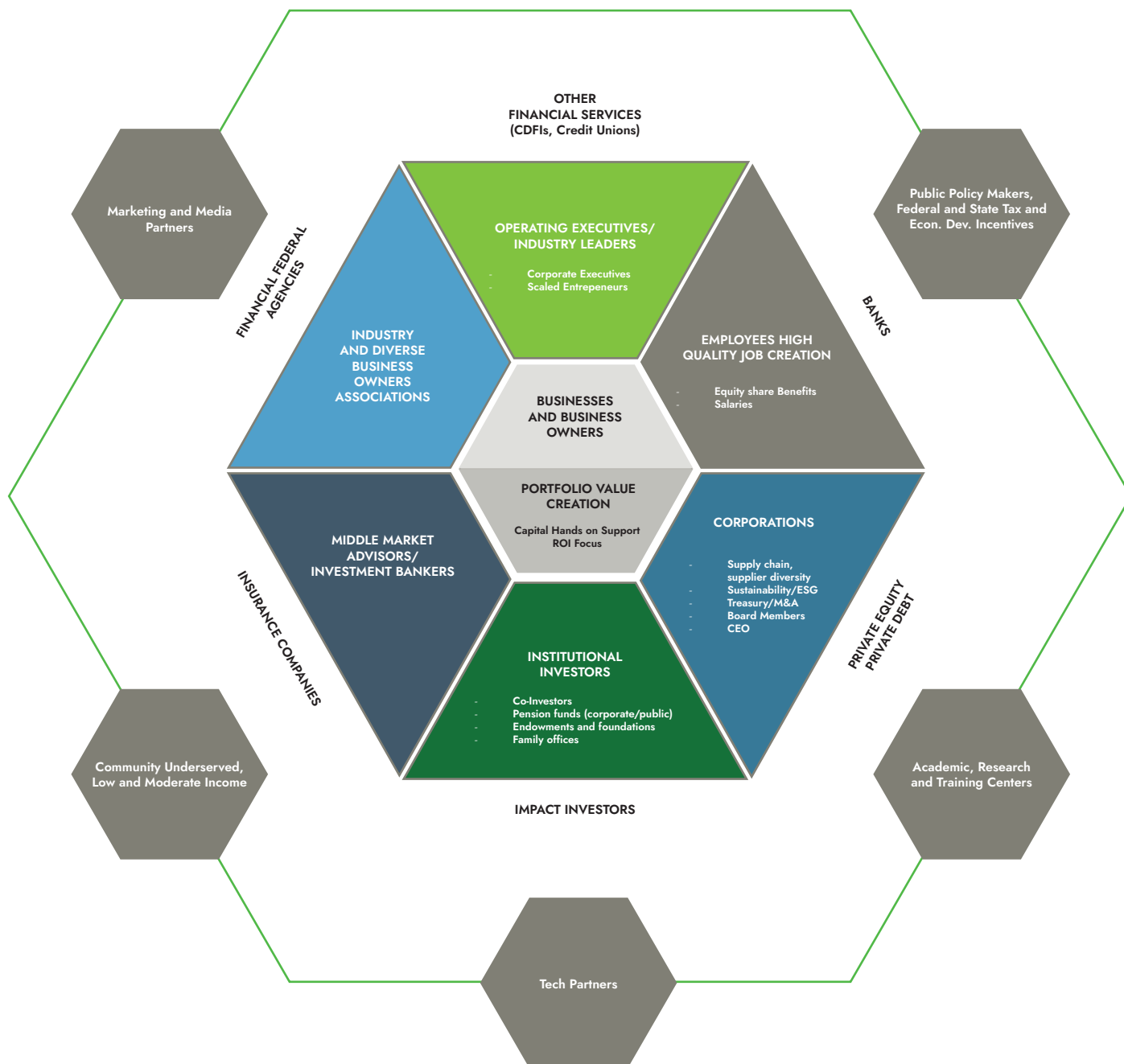
- Consumer Goods
 - GHG emissions of product and product replaced
 - Target stakeholder satisfaction ratio
- Specialty Manufacturing
 - % of suppliers that represent historically marginalized (minority) groups
 - # of occupational injuries
- Healthcare
 - # of patients completing treatment
 - Client savings premium
- Business Services
 - Client complaint tracking system
 - Voluntary employee turnover

In addition to the use of IRIS+ metrics, which are the generally accepted impact accounting system that leading impact investors use to measure, manage, and optimize their impact, we are in the process of developing the Altura Impact Score™ (AIS), a proprietary internal rating system to assess both the ESG footprint and impact of our portfolio companies throughout the entire investment cycle. The AIS provides a single numerical score that combines a company's performance across all metrics, allowing us to benchmark against other portfolio companies and industry averages.

ACHIEVING IMPACT AT EVERY STAGE



Altura has a robust ecosystem of participants that help each portfolio company through growth



The companies in which we invest are provided with a 360° ecosystem that delivers comprehensive business support financially, strategically, and with impact.

As a company experiences growth and transformation– new investors, new ownership, new management– Altura remains engaged with the team to ensure impact goals and achievements will be preserved in the future. In this way, we achieve the creation of jobs and long-term sustainability of companies representing low- and moderate- income and diverse communities.

CONTRIBUTING TO IMPACT



Leveraging our FAIR Playing Field Toolkit™, Altura participates in market-level efforts and takes an active role in building a structure for small business success.

The key four capabilities within the toolkit provide support for portfolio companies whenever and wherever it is needed. This furthers our goal of creating a fair playing field for diverse companies and minority entrepreneurs to succeed.

We know that, together, Altura and our portfolio companies can have a greater impact on our communities than either could alone.

F Flexibility

We provide custom debt and/or equity solutions based on the business's needs and goals

A Advice

We engage with management to provide expertise on strengthening and scaling businesses

I Integration

We support businesses in incorporating impact goals and ESG awareness to position for long-term success

R Relationship

We facilitate partnerships with Fortune 500 companies and Altura's advisor network to catalyze growth



PORTFOLIO PORTRAITS



Case Study: Cidrines

Arecibo, Puerto Rico

Founded in 1978

Beginning of Altura Partnership: 2015*



Company Mission

"Cidrines exists to bring to market premium bakery products which bring una probada de alegría—a taste of joy—to our consumers, while also providing sustainable, profitable, and meaningful growth to all members of the Cidrines family as well as the customers and stakeholders who support our journey."



Impact Goals

Through Altura's investment, we hoped to see:

1. Promote a more diverse, equitable & inclusive workforce
2. An increase in the number of total jobs supported
3. Additional employment benefits provided
4. Expanded footprint through corporate partnerships
5. Promote a decent work environment & growth opportunities

Goal	Metric	At investment	Current	Change
DEI	% Women/Minorities in Senior Management	40%	83%	+108%
Job Creation	# Full-time employees	101	121	+20%
Improved Benefits	% Employees provided healthcare	53%	100%	+89%
	% Healthcare Premium covered	100%	100%	N/A
	# Employees with equity ownership	1	4	+3
	# Benefits provided	1	3	+2
Expanded Footprint	Total # of US states with presence	1	44	+43
	Total # of stores with presence	400	3825	+3425
Improved work environment	Proportion (%) of employees below age 24	5%	7.8%	+56%
	Average hourly earnings per employee (USD)	10.75	12.56	+17%

*Cidrines is a portfolio company of SBCC, Altura's predecessor fund, which is an SBIC impact fund that launched in 2015.



PORTFOLIO PORTRAITS



Case Study: 9th Wonder*

Houston, TX

Founded in 2018

Beginning of Altura Partnership:
September 2020



Company Mission

"9th Wonder is a hispanic-owned company with QOZ¹ qualifications that has made specific commitments to advocating for racial equity. The company has created racial equity toolkits and employee resource groups and demonstrates its commitment through its diverse workforce."

¹ Qualified Opportunity Zone: is an economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment.



Impact Goals

Through Altura's investment, we hoped to see:

1. Promote a more diverse, equitable and inclusive workforce
2. An increase in the total number of jobs supported
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4. Promote a decent work environment & growth opportunities

Goal	Metric	At investment	Current	Change
DEI	% Women/Minorities in Senior Management	45%	50%	+11%
Job Creation	# Full-time employees	141	169	+20%
Improved Benefits	# Benefits provided	1	9	+8
	% Employees provided healthcare	100%	100%	N/A
	% Healthcare Premium covered	75%	75%	N/A
	# Employees with equity ownership	3	3	N/A
Improved work environment	Proportion (%) of employees below age 24	5%	7.8%	+56%
	Average hourly earnings per employee (USD)	10.75	12.56	+17%

*9th Wonder is a portfolio company of the Altura Economic Opportunity Zone (EOZ) Equity Fund.





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