

Sustainability-related disclosures

Vinci Climate Change B, SCSP

(a) 'Summary'

No significant harm to the sustainable investment objective. The Manager of Vinci Climate Change B, SCSP (the "Fund") will adopt dedicated processes throughout the investment cycle to avoid significant harm. Principal adverse impact ("PAI") indicators for all portfolio investments will be monitored on a quarterly basis for indications of the presence of a principal adverse impact and will be assessed as to whether it poses significant harm to any environmental or social objective. The OECD Guidelines and the UN Guiding Principles on Business and Human Rights are also assessed, and all results will be presented as part of due diligence.

Sustainable investment objective of the financial product. The Fund makes sustainable investments which seek to actively contribute towards the climate agenda by mitigating and/or adapting to climate change. The Fund expects to be invested in sustainable investments that contribute to one or more of the environmental objectives identified in Article 9 of the Taxonomy Regulation (Regulation (EU) 2020/852):

Portfolio construction of investments that contribute towards climate mitigation (environmental characteristic):

- The Fund will focus on investments in projects and/or companies that contribute towards climate change mitigation and/or adaptation.

Active ownership and engagement (complementary environmental and social characteristics):

- The Fund will engage with portfolio companies to encourage increasing diversity and inclusion, especially from a gender perspective, in their leadership and workforce, with a clear intention to promote impact in communities where these companies are active.
- The Fund will engage with portfolio companies to promote the adoption of good Environmental Social and Governance ("ESG") practices and management.

Investment strategy. The Fund's investment strategy for meeting its sustainable investment objective encompasses the following:

- *Pre-investment Due Diligence:* The Fund uses negative screening to exclude unacceptable activities, and a "VICC Taxonomy" positive screen to identify industries that aid climate mitigation and/or adaptation. Additionally, a proprietary "ESG Risk Categorisation Tool" evaluates an investment's exposure to ESG risks.
- *Ex-ante Assessment:* The Manager uses a "VICC Climate Impact Tool" to assess a potential investment's climate contribution and risk management capacity. For the Fund's social characteristic, the Manager will also conduct a Diversity & Inclusion (D&I) Assessment on potential investments.
- *Signing and Closing:* Drawing from the due diligence process above, each investment will have an "ESG & Impact Action Plan" and will be assessed against a list of indicators regarding ESG risk management, D&I, and climate contribution.

- *Monitoring and Reporting:* Post-investment, the Fund tracks the performance and impact of each portfolio company quarterly from an ESG and D&I perspective. The performance is reported both internally and publicly.

In order to ensure good governance practices in its portfolio investments, the Fund will seek to apply best practices and minimum standards across all companies including the following considerations: (i) sound management structures; (ii) healthy employee relations; (iii) fair remuneration; and (iv) tax compliance.

Proportion of investments. The Fund expects at least 90% of investments will be used to meet the sustainable investment objective of the Fund. All of such investments will be sustainable investments in accordance with Article 2(17) of the Sustainable Finance Disclosures Regulation but will not pursue alignment with the EU Taxonomy.

Up to 10% of the Fund's investments shall include hedging instruments, such as foreign exchange derivatives used to mitigate the effect of FX rates (and volatility in those rates), and cash or cash equivalents held as ancillary liquidity.

Monitoring of sustainable investment objective. The Manager will periodically measure the Fund's performance against its sustainable investment objective on a quarterly basis. In particular, the Manager will apply a proprietary Climate Dashboard Tool to monitor climate metrics as well as assess each investment against the investment's "ESG & Impact Action Plan" and "List of Indicators".

Methodologies. To assess the Fund portfolio's aggregated contribution towards climate mitigation, the key metric the Fund will measure, or estimate its Greenhouse Gas ("GHG") Emissions Avoided or Reduced, measured in tons of CO₂-equivalent. Other metrics that may be measured include Scopes 1, 2 and 3 GHG Emissions, carbon intensity as well as other metrics.

To assess the Fund portfolio's aggregated contribution towards active ownership and engagement with portfolio companies, the Fund will measure a number of key metrics that include (depending on relevance of actual investments) water and energy consumption avoided, the percentage of females in employment and in leadership positions as well as other metrics.

Data sources and processing. To ensure data quality, the Fund will source primary data directly from portfolio companies. Supplemental secondary data may also be sourced from reputable external third-party data providers that use industry-recognised methodologies. The proportion of data that is estimated will depend on the portfolio company and data sources available.

Limitations to methodologies and data. As data will mainly be sourced directly from portfolio companies via the annual internal portfolio company reports, this means that the quality and availability of data may differ across the portfolio. Nevertheless, the Manager believes that this would not be a strong limitation as the Manager will use its judgment and discussions with portfolio companies to process and assess the data against a proprietary ESG framework.

Due diligence. When conducting due diligence on investments, the Manager follows a highly disciplined and systematic decision-making process comprised of multi-staged reviews by an investment committee. Approval of any investment at each phase of the reviews will require a simple majority vote by the investment committee.

Attainment of the sustainable investment objective. No index has been designated as a reference benchmark to meet the sustainable investment objective of the Fund.

(b) **‘No significant harm to the sustainable investment objective’**

The Manager will adopt dedicated processes throughout the investment cycle to avoid significant harm.

Origination stage

During the origination stage, the Manager will apply a negative screening against an exclusion list. This exclusion list presents a set of activities that are deemed harmful to society and/or the environment.

Pre-investment due diligence stage

At the investment due diligence stage, the Manager will use a proprietary “ESG risk categorization tool” to measure a potential investment’s exposure to ESG risks.

This tool will involve monitoring indicators that indicate the presence of adverse impacts on sustainability factors. Accordingly, the Manager will use this method to collect data to consider whether an investment presents a significant harm to any environmental or social objective for the purposes of its assessment for sustainable investments, in accordance with Article 2(17) of the Sustainable Finance Disclosures Regulation (“SFDR”).

In particular, the ESG risk categorization tool is used to categorize the investment’s risk profile (low (C), medium (B), medium-high (B+) or high (A)). The tool will require the Manager to assess a potential investment against the following two criteria:

- the nature of economic activities (e.g. solar power generation tends to be exposed to lower risks than sanitation projects); and
- contextual aspects (e.g., exposure to resource scarcity, floods and interference with indigenous people and areas of cultural significance).

In addition, the Manager has identified a list of activities that may cause significant harm to any environmental or social sustainable investment objective (additional examples of high-risk or Category A activities can be found in the Manager’s E&S policy document):

- high-risk activities/sectors that are considered to be “high risk” (such as infrastructure projects, large scale primary productions and environmentally critical projects); and
- impacts that could trigger “high risk” activities / Category A categorization (such as questionable practices regarding labor and impacts on indigenous or native communities).

If the Manager determines that any activity of a potential investment’s project and/or company is the same or substantially similar to an activity that is identified as “high-risk” or “Category A” in nature and magnitude, this means the potential investment is likely to have significant adverse environmental or social impacts that are sensitive, diverse or unprecedented. Accordingly, the potential investment will be assessed as “high-risk” (i.e., ‘Category A’ activities). If the Fund makes investments in such “high-risk” activities or companies, such investments would be subject to additional monitoring at the post-investment stage.

Post-investment stage

All portfolio investments will have to undergo a quarterly monitoring process, in which the Manager collects and assesses their sustainability performance. Among other indicators, the Manager will adopt all the principal adverse impacts (“PAI”) indicators that are set out in Table 1 of Annex I of the SFDR’s Regulatory Technical Standards (“RTS”) along with any additional relevant indicators from Table 2 and 3 of Annex I.

Assessment of PAI

The Manager will assess for indications of the presence of a principal adverse impact and whether it poses significant harm to any environmental or social objective. The Fund will report on its consideration of principal adverse impacts on sustainability factors in its annual report as set out in Annex V of the RTS.

OECD Guidelines and UN Guiding Principles

In addition, all sustainable investments undergo third-party ESG and Climate Due Diligence. The OECD Guidelines and the UN Guiding Principles on Business and Human Rights are assessed during the ESG assessment of the process, and all results will be presented in the Due Diligence report.

(c) **‘Sustainable investment objective of the financial product’**

The Fund’s sustainable investments seek to actively contribute towards the climate agenda by mitigating and/or adapting to climate change.

In this regard, the Manager will assess projects and companies against its proprietary Climate Change Impact Framework to meet this core environmental characteristic. The Fund will therefore expect to make investments in areas ranging from renewables generation, water and sanitation to the efficient use of natural resources and reduced emissions from other sources.

On the basis of the above, the Fund expects to be invested in sustainable investments that contribute to one or more of the environmental objectives identified in Article 9 of the Taxonomy Regulation:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

Portfolio construction of investments that contribute towards climate mitigation (environmental characteristic):

- The Fund will focus on investments in projects and/or companies that contribute towards climate change mitigation and/or adaptation by applying its proprietary “Climate Change Impact Framework” (see below).
- Examples of relevant investments include portfolio companies that focus on renewables generation, water and sanitation, efficient use of natural resources and reduced emissions from other sources (e.g., energy efficiency solutions in industries and commercial, public and residential sectors).
- Accordingly, the portfolio composition will focus on Climate Action (UN’s Sustainable Development Goal (“SDG”) 13).
- The Fund also expects to contribute indirectly to sector-specific UN SDGs based on its portfolio companies’ activities, such as Affordable and Clean Energy (UN SDG 7 via investments in renewable energy companies) and Clean Water and Sanitation (UN SDG 6 via investments in water and sanitation companies).

Active ownership and engagement (complementary environmental and social characteristics):

- The Fund will engage with portfolio companies to encourage increasing diversity and inclusion across portfolio companies, especially from a gender perspective, in their leadership and workforce, with a clear intention to promote impact in communities where these companies are active. This will be done by applying the Fund’s proprietary “D&I Assessment Tool” (see below).
- The Fund will engage with portfolio companies to promote the adoption of good Environmental Social and Governance (“ESG”) practices and management within companies and projects.
- Accordingly, the Fund’s active ownership strategy will help support Climate Action (UN SDG 13) as well as Gender Equality and Reduced Inequalities (UN SDG 5 and 10).

(d) **‘Investment strategy’**

Investment strategy used to attain the sustainable investment objective

The Fund has an investment due diligence process that is designed to aid the Fund’s focus on investments in projects and/or companies that contribute towards climate change mitigation, with possible contribution to climate change adaptation as well. In addition, the Fund’s investment due diligence process and monitoring process are designed to enable the Fund to encourage portfolio companies to increase diversity and inclusion, and the adoption of good ESG practices and management.

1. *Pre-investment due diligence*

a. *Negative screen*

The negative screening will avoid: (i) investments in assets/projects that are engaged in unacceptable activities (according to an exclusion list); or (ii) investments that have a high-risk ESG exposure (as assessed according to the Manager’s ESG risk categorization tool).

b. *VICC Taxonomy positive screen*

The Manager has short-listed industries/sectors that contribute towards climate mitigation (the “VICC Taxonomy”). The VICC Taxonomy will be applied as a positive screen for the Manager to select investments:

- Renewable energy (generation and other application);
- Power Transmission and distribution;
- Lower-carbon and efficient energy generation;
- Energy efficiency;
- Non-energy GHG reductions;
- Water and water use efficiency; and
- Sanitation.

c. *ESG Risk Categorization Tool screen*

The Manager will measure the potential investment’s exposure to ESG risks in terms of two criteria (the “ESG risk categorization tool”):

- the nature of economic activities (e.g. solar power generation tends to be exposed to lower risks than sanitation projects); and
- contextual aspects (e.g., exposure to resource scarcity, floods and interference with indigenous people and areas of cultural significance).

The ESG risk categorization tool is used to categorize whether the investment has a low (C), medium (B), medium-high (B+) or high (A) risk profile.

2. *Ex-ante Assessment*

a. *Climate Impact Tool*

The VICC climate impact tool (the “Climate Impact Tool”) identifies the ‘climate impact’ (as defined below) of potential investments with a view to:

- support investment decisions and the formulation of investment requirements before the closing and signing phases;
- raise issues to diligence and discuss with the potential investee, while still in the prospecting phase; and
- serve as a baseline for monitoring the progress of portfolio companies in terms of climate impact performance.

‘Climate impact’ is defined by the combination of two criteria:

- a project’s climate contribution – i.e. the investment’s capacity to contribute to climate change mitigation (and adaptation, when possible) and measure and demonstrate positive climate contributions (e.g. the Climate Impact Tool points out ranges of potential reduction of GHG emissions and natural resources use that the investment may generate); and
- a project’s climate risk management – i.e. the investment’s capacity to identify, prevent, manage, and compensate climate risks and the associated negative impact of *climate issues*.

The climate contribution analysis focuses on a deeper assessment of a project's capacity to generate and monitor climate outcomes. International references (e.g., Climate Bonds Standards, The Coolest Bonds, Taskforce on Climate-related Financial Disclosures) were used to inspire the development of the assessment methodology, taking into consideration appropriate modifications according to the asset's size and profile. The methodology supports the Manager in measuring positive climate impact.

b. ESG & Climate Due Diligence

The outputs from the above-mentioned pre-investment due diligence tools (the type of climate investment, as determined using the VICC taxonomy, the ESG risk categorization tool and the project's climate contribution) will constitute the starting point of a much more in-depth ESG and climate due diligence process, which the Manager will conduct with an aim to:

- identify potential risks and possible ESG risk management and climate contribution requirements; and
- develop the systems, controls and metrics necessary for the applicable investment to mitigate such identified risks
- provide recommendations to increase the project, company and/or the developer's capacity to manage such risks and ESG performance.

This comprehensive due diligence process takes into account international standards.

With respect to ESG risk management, the ESG and climate due diligence process identifies material ESG issues that can represent a risk for the investment and assesses the applicable company's capacity to deal with these risks. The framework to assess ESG issues is adapted from the IFC Performance Standards.

Complementary references, such as the United Nations Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises, also support the ESG assessment.

c. Diversity & Inclusion Assessment

Considering the Fund's secondary objective to incorporate a diversity and inclusion lens into their impact management, potential investments undergo a Diversity & Inclusion assessment. The D&I Assessment Tool supports the evaluation of diversity and inclusion issues within potential investees prior to the investment and identifies impact opportunities to be addressed should they become part of the Fund's portfolio. Companies are assessed under six themes (which include three of the gender dimensions defined by the 2X Challenge to direct investments):

- Entrepreneurship;
- Leadership;
- Policies and engagement;
- Inclusive culture;
- Retention and recruiting; and
- Income equity.

Companies' data related to other diversity dimensions (e.g., race, people with

disabilities, etc.) is also collected and can generate insights into impact-driven opportunities to increase D&I.

For pre-operational investments, the D&I Assessment tool serves as roadmap towards building best practices. The tool's versatility also allows Vinci to assess the future investees' progress in diversity and inclusion during the Monitoring phase.

3. *Signing and Closing*

a. *ESG & Impact Action Plan*

As a result of the above-mentioned ESG and climate due diligence process, each investment will have an "ESG & Impact Action Plan", with a range of measures to be taken by the project to adopt ESG best practices and meet its climate impact outcomes.

The Action Plan considers implementation deadlines, budget estimates, priority and status in order to monitor performance evolution.

b. *List of Indicators*

The Fund's list of indicators ("VICC List of Indicators Tool") contains relevant metrics to measure the performance of each portfolio company regarding ESG risk management, D&I and climate contribution, according to each type of project. The list was designed based on the European Banking Authority's PAI disclosures and the IRIS+ System.

Key and cross-sectoral indicators include:

- Greenhouse Gas Emissions Avoided or Reduced (tCO₂e)
- Scope 1, 2 and 3 GHG emissions
- Carbon footprint
- GHG intensity
- Energy consumption from renewable sources and non-renewable sources (%)
- Energy production from renewable sources (%)
- Water consumption, recycling and discharge (m³)
- Fresh water withdrawn in regions with high or extremely high baseline water stress (%)
- Hazardous and non-hazardous waste production (ton)
- Waste recycled (%)
- Air Emissions (ton)
- Areas of site/operations with interference with biodiversity-sensitive areas (%)
- % of female employees
- % of women in leadership positions
- % of people from other diversity dimensions in the workforce

The tool also provides other activity-specific indicators (e.g.: noise emissions from a wind power plant).

4. *Monitoring and Reporting*

After an investment closes, the Manager will measure and monitor the climate, D&I and ESG performance of each portfolio company on a quarterly basis. The above-mentioned list of indicators and the ESG & Impact Action Plan will be key to monitoring investments.

a. *Climate*

Moreover, with the above-mentioned Climate Dashboard Tool, the Manager and its investors will be able to monitor climate metrics on an aggregated portfolio basis (e.g. total avoided GHG emissions). As a result, the Manager will conduct quarterly reviews of the portfolio and each investment's performance. During this process, the Climate Impact Tool will be applied to each investment for a new assessment in order to (i) compare current ratings to previous and projected ratings and (ii) subsequently assess improvements to such investment's climate contribution. The results will be used to improve operational and strategic investment decisions.

Finally, the Manager will report on climate outcomes together with D&I and ESG issues via three complementary approaches:

- Internal portfolio company report, at the individual level – a common template to be adopted by all portfolio companies in order to individually report their performance to the Fund each year. Such template will include an assessment of the company's compliance with the list of indicators and progress on the ESG & Impact Action Plan.
- Internal Fund report, at the consolidated level – an annual ESG and impact report to be prepared by the Manager and distributed to the Fund's investors. This report will look across all investments and evaluate the climate, D&I and ESG performance on both a per investment and aggregate portfolio basis.
- Publicly available Fund report, at the consolidated level – this annual report will provide external stakeholders (e.g., partners, peers, communities, regulators) with selected information from the "Internal Fund report". The aim is to make publicly available the impact generated by the Fund.

All templates will be designed to meet investors' expectations and will generally comply with recommendations of the Task Force on Climate Related Financial Disclosures, considering appropriate modifications given the size of the portfolio companies.

b. *Diversity and Inclusion – Targets and Engagement*

Using the results of the D&I Assessment Tool, the Fund will set measurable D&I targets for each investment.

Vinci Partners will work with all companies on two specific measures:

- develop a leadership program geared towards promoting diversity (gender, race, disabilities, etc.); and/or
- develop affirmative hiring programs, aimed at hiring women, people of colour, people with disabilities, aged people, and other representatives of vulnerable groups in the job market.

During the term of the Fund, which will typically control or co-control its investments, the Manager will require portfolio companies to develop and improve their performance against their D&I targets. This will be implemented through company policies and processes. The Manager will monitor this through Board participation and regular reporting provided by the portfolio companies.

Policy to assess good governance practices

The Fund will assess the governance practices of investee companies and seeks to apply the best governance practices in all investment companies. In particular, the Manager looks to implement consistent principles, encompassing standards and framework that guarantee our senior executives create and enforce an effective and well-developed strategic plan. The governance procedures will be structured as to keep all executives aligned to shareholders' culture and needs, making them responsible for the implementation of the Fund's proposed policies.

The governance framework should consider the necessary tools to develop and maintain a competent and diverse board and executives, commitment to integrous and ethical behavior, clear definition of roles and responsibilities, alignment of strategies and goals set up by shareholders, accountability and transparency. For that, the procedures need to include the following key considerations: (i) sound management structures; (ii) employee relations; (iii) remuneration of staff; and (iv) tax compliance (including penalties, fines or other liability arising from breaches of applicable tax law).

The Manager will consider the following topics under each of the key considerations, where relevant:

- Sound management structures:
 - Number of independent board members
 - Board and Executive members should have leadership skills, governance experience, and industry-related expertise
 - Transparency of reporting
 - Bribery and corruption compliance / absence of breaches
 - Related Party, Corporate Transactions Policy
 - Adequacy of board and senior management selection, training and development
 - Board will oversee recommended risk mitigation plans and ensure that the company has adequate risk control management monitoring
 - Board and Executives should be aligned to quantifiable performance metrics/key performance indicators (KPIs) and its reporting.
- Employee relations:
 - Materiality of employee litigation history and outcomes
 - Employee wellbeing
 - Modern slavery policies and compliance
 - Implement a compensation program directly related to balanced objectives, as to align the goals of all interested parties.
- Remuneration of staff:
 - Presence of robust remuneration policies or committees
 - Compliance with local remuneration laws e.g. minimum wage

- Tax compliance:
 - History of penalties, fines or other liability arising from breaches of applicable tax law;
 - Audit Committee, composed of specialists with suitable backgrounds as to validate all companies' practices and reports
 - Apply a risk management/enterprise policy and monitoring tool
- Integrous, Ethical Behavior:
 - Imply a code of conduct and transparent processes for reporting non-compliance (Hotline)
 - Implement an organizational culture by educating and monitoring about all companies' policies

To guarantee that Fund investments have defined roles and responsibilities, the corporate governance practices must include the following at minimum (investment companies may be required to implement complementary practices according to the associated activities, risks, and, eventually, the shareholders' structure, as required):

- The separation of the Chairman of the Board and CEO roles.
- The establishment of duties (as well as delegation and limitations of authority) of Board, Directors (individual and own role), Committees and Senior Executives.
- Set mandate periods that do not exceed two years of tenure.

(e) **'Proportion of investments'**

In particular, the Fund expects at least 90% of investments to contribute to its sustainable investment objective. All of such investments will be sustainable investments in accordance with Article 2(17) of the Sustainable Finance Disclosures Regulation but will not pursue alignment with the EU Taxonomy.

Up to 10% of the Fund's investments shall include hedging instruments, such as foreign exchange derivatives used to mitigate the effect of FX rates (and volatility in those rates), and cash or cash equivalents held as ancillary liquidity.

(f) **'Monitoring of the sustainable investment objective'**

After an investment closes, the Manager will periodically (quarterly) measure the Fund's sustainable investment objective, and its sustainability indicators by implementing monitoring policies in place. In particular, the Manager will monitor its investments in accordance with its "ESG & Impact Action Plan" and "List of Indicators" that has been assigned to its investments.

Please see sub-sections on "ESG & Impact Action Plan" and "List of Indicators" under "(d) Investment Strategy – 3. Signing and Closing" above for further details on the Manager's monitoring process.

As explained above, the Manager will also employ a proprietary Climate Dashboard Tool to monitor climate metrics on an aggregated portfolio basis (e.g. total avoided GHG emissions). Throughout the life of the fund, the Climate Dashboard Tool will be applied to each investment for a new assessment in order to (i) compare current ratings to previous and projected ratings and (ii) subsequently assess improvements to such investment's climate contribution.

(g) **'Methodologies'**

The Fund will assess attainment of its sustainable investment objective by measuring the following sustainability indicators:

Portfolio contribution towards climate mitigation (environmental characteristic):

The key climate metric presented on an aggregated portfolio level by the Climate Dashboard is:

- Greenhouse Gas Emissions Avoided or Reduced, measured in tons of CO₂-equivalent.

Other cross-sectoral climate metrics that will be measured on an aggregated portfolio level (see item *VICC List of Indicators* below for further information) include:

- Scopes 1, 2 and 3 GHG Emissions (tCO_{2e})
- Carbon intensity
- GHG intensity
- Energy consumption from renewable sources (%)
- Energy production from renewable sources (GWh)

Active ownership and engagement (complementary environmental and social characteristics):

Other key metrics that may be measured (depending on the actual investments made) on an aggregated portfolio level by the Climate Dashboard are:

- Water consumption avoided (m³)
- Energy consumption avoided (kWh)
- % of female employees
- % of women in leadership positions
- % of people from other diversity dimensions in the workforce

'Leadership positions' means senior management, while other 'diversity dimensions' include and aggregate race, disabled people, LGBTQIA+ (lesbian, gay, bisexual, transgender/transsexual, queer/questioning, intersex, and allied/asexual/aromantic/agender), and people over the age of 50.

Other cross-sectoral metrics might include water consumption, recycling and discharge, waste treatment and disposal, existence of grieving mechanisms, diversity policy, etc.

(h) **'Data sources and processing'**

Data source

The data source used to measure the Fund's sustainable investments will be based on:

- Primary data: Information disclosed in the annual internal portfolio company report that all portfolio companies will individually report to the Fund each year. The report template will include an assessment of the company's compliance with the list of indicators and progress on the ESG & Impact Action Plan.
- Supplemental data (if deemed relevant or needed): The Manager may also utilize a variety of sell-side, external third-party or databases for specific ESG and climate-related issues, in accordance with the ESG Framework (see further details below).

How is data quality ensured?

To ensure data quality, the Manager is obtaining primary data directly from its portfolio companies. In addition, supplemental, secondary data will be sourced from reputable data providers that use industry-recognised methodologies. The Manager conducts additional quality due diligence in case any anomalies are identified during data processing stage.

How is data processed?

For the Fund internal ESG ratings, we utilize a proprietary tool (ESG Framework). This tool enables us to: generate consistent environmental, climate, social and governance information by each subproject or company and the most relevant ESG factors for every sub project. This framework generates a list of indicators that are monitored throughout the life of the investment.

The Manager will draw data from the sources listed above and use its judgement, experience, discussions with portfolio companies to assess the reliability of its data. The Manager will also process the data against a proprietary ESG framework that contains a list of indicators that are monitored throughout the life of an investment. This ESG framework allows the Manager to set out the environmental, climate, social and governance information of each subproject or portfolio company on a consistent basis.

What proportion of data is estimated?

The proportion of data estimated cannot be assessed. External data estimations may vary based on the types of companies and the availability of the indicators. However, given that the Manager intends to engage with its portfolio companies for primary data and supplement this with a variety of third-party sources, it is anticipated that the proportion of estimated data is likely to be low or minimal (if needed).

(i) **'Limitations to methodologies and data'**

As data will be sourced directly from portfolio companies via the annual internal portfolio company report, this means that the quality and availability of data may differ across the portfolio. Nevertheless, the Manager believes that this would not be a strong limitation to promoting the Fund's sustainable investment objective, given that the Manager will be assessing and engaging with its portfolio companies throughout the lifecycle of the Fund.

(j) **'Due diligence'**

The Manager follows a highly disciplined and systematic investment review and decision-making process comprised of multi-staged reviews by an investment committee.

Screening and initial review by Investment Committee.

Upon identification of an investment opportunity that fits VICC's strategy, the Manager will designate an investment team member to supervise the investment opportunity during the screening phase. The responsible officer will conduct both a top-down and bottom-up analysis to determine if the opportunity meets VICC's investment criteria in terms of size, projected returns, climate impact, developer/entrepreneur profile, partnership structure and governance. At this stage, the Manager will also conduct an initial screening to confirm that the opportunity adheres to VICC's Climate Change Impact Framework.

If the team reaches consensus that further due diligence is appropriate, an initial review is prepared and then presented to the Investment Committee members.

This initial screening process is managed through a pipeline management system, where all relevant information, including source, sector, impact, theme, strategy, and relevant financial metrics are registered and controlled during the investment phases.

First phase of due diligence and second review by Investment Committee.

The first phase of the due diligence process follows the initial review and greenlight by the Investment Committee. The primary focus of this phase is to deepen the Manager's understanding of the investment opportunity through:

- (i) a detailed industry analysis based on internal advisors, external experts and interviews with suppliers, customers and competitors;
- (ii) application of the Climate Change Impact Framework to determine whether the investment complies to VICC's climate change thesis and expectations;
- (iii) technical and product assessment to identify potential technological risks and capital expenditure needs;
- (iv) an assessment of the project/company's developers/entrepreneurs, through interviews and reference checks;
- (v) an analysis of the project/company's structure, strategy, capabilities, strengths, weaknesses, opportunities and threats (referred to as a SWOT matrix);
- (vi) review of financial statements and development of pro-forma projections, including discounted cash flow projections and comparable transaction analysis; and
- (vii) an analysis of possible exit alternatives.

The investment team also analyses the history of target companies and developers/entrepreneurs, paying close attention to reputation, political activity, corruption and money laundering, among other factors. This analysis is carried out initially by the Manager's compliance team and subsequently (during the second diligence phase) by specialized third-party companies.

Based on this analysis, the investment team members will seek to develop an Investment Memorandum ("IM"), which includes a description of the opportunity, a financial analysis and a summary of the key terms and conditions of the transaction. The IM is presented to the Investment Committee for formal approval. Similar to the process in the initial review phase, the Investment Committee makes decisions by simple majority consensus. If the Investment Committee approves the investment opportunity, the investment team will typically submit a non-binding offer ("NBO") to the sellers. If the NBO is accepted, the investment enters the second phase of due diligence and final approval.

Second phase of due diligence and final approval.

In this final phase of due diligence, the Manager's team reviews the target project/company's operations in detail, including management team, information technology, ESG, climate change, accounting, legal, tax, and regulatory issues with the objective of identifying potential liabilities and the systems and controls necessary to manage the business effectively.

The Manager typically hires specialized consultants that work together with the Manager's advisors in order to evaluate different aspects of the business. The deal team refines the deal structure and may create the framework for legal documents. The deal team may also pre-identify high-quality candidates to effectively fill eventual gaps in the management team identified in the previous phase of due diligence.

The final IM includes any new information obtained during this phase of the process. This IM, along with the related legal documents and the post-acquisition operating plan, is analyzed in depth by a designated surrogate deal team, which conducts a final screening of the financial model, all key documents, return scenarios, and potential unmitigated risks. With input from this review, the investment opportunity is presented to the Investment Committee for final approval of the transaction. Final approval of any investment requires a simple majority vote by the Investment Committee.

Investment Committee Decision Making

The Manager will establish the Investment Committee, which will be responsible for decisions regarding: (i) investments by the Fund; (ii) divestments by the Fund; and (iii) the exercise or waiver of rights by the Fund, among other decisions of interest to the Fund.

Third Party Involvement in the Due Diligence Process

The Manager is open to working with external advisors since it believes that such advisors can enhance its capacity to add value to portfolio companies and provide additional insights both during the due diligence process as well as post-investment.

During the investment process, Vinci Partners typically uses services from external advisors to obtain specific industry knowledge or to conduct due diligence, accounting, tax, legal, information technology, management audits and market research. Post-investment, Vinci Partners may also engage external advisors to provide support in the development of certain aspects of the post-acquisition plan, identify and recruit management teams, or to undertake internal audits for its portfolio projects/companies.

(k) **'Engagement policies'**

Alongside the Fund's climate thesis, VICC will commit to drive portfolio companies to increase diversity within their operations.

Different from the climate analysis, VICC will not have a formal process to exclude or prioritize potential investments according to D&I criteria. VICC understands that it is not likely that D&I initiatives will have been implemented by its target investments (pre-operational assets) or small companies within the scope of its investment mandate.

Vinci Partners believes that VICC's key contribution can be to apply D&I assessment tools to its investments and adopt an active ownership style designed to drive companies to more diverse and inclusive practices.

The Fund will set measurable D&I targets for each investment. These targets will depend on the results from the applicable company's assessment and the identified opportunities to increase diversity and inclusion within the context of each company.

Nevertheless, Vinci Partners will work with all companies on two specific measures:

- develop a leadership program geared towards promoting diversity (gender, race, disabilities, etc.); and/or
- develop affirmative hiring programs, aimed at hiring women, people of color, people with disabilities, aged people, and other representatives of vulnerable groups in the job market.

During VICC's term, the Fund will support portfolio companies in improving their performance on this theme, contributing to the D&I agenda in Brazil.

(l) **'Attainment of the sustainable investment objective'**

No index has been designated as a reference benchmark to meet the sustainable investment objective of the financial product.