

Sustainability risk consideration

Vinci GP (Lux) S.à.r.l. (“AIFM”) considers sustainability risks (“Sustainability Risks”) as defined under Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”) as part of their investment decision-making process. This information is published in accordance with the AIFM’s disclosure requirement under Article 3 of the SFDR to publish information about the consideration of Sustainability Risks.

The Sustainability Risks and their respective impacts are outlined in the LPAs of the Funds. To comply with its regulatory obligations under the SFDR, the AIFM applies and discloses standards regarding the consideration of Sustainability Risks in its investment management activities on behalf of the Funds.

When launching a fund, the responsible team reviews its Sustainability Risk exposure, the materiality of any potential impacts based on the criteria set out below, and documents it in the fund’s initial risk profile, which is reviewed annually.

As the AIFs managed by Vinci GP (Lux) S.à.r.l. will mainly hold private equity and infrastructure assets, the AIFM will largely be exposed to sustainability risks which are particularly relevant for those asset classes. As such, the AIFM screens as applicable for investments’ exposure to e.g. resource scarcity, floods and interference with indigenous people and areas of cultural significance; activities/sectors that are considered to be “high risk” (such as infrastructure projects, large scale primary productions and environmentally critical projects); impacts that could trigger “high risk” activities (such as questionable practices regarding labor and impacts on indigenous or native communities).

Sustainability Risks specific to infrastructure assets will vary by many factors such as infrastructure type, geography, level of duty of care and due diligence implemented and monitored by the employer as well as national standards. For example, health and safety regulations will provide necessary guidelines on the handling of large and dangerous equipment or exposure to hazardous substances such as lead or asbestos in construction work. In the event of lack of proper control systems, several events (such as physical injury or death) can pose liability and reputational risks to the AIF’s invested company which can affect the company’s cash flows and ability to continue to operate. In these events, the returns of the affected financial product can be impacted.

The AIFM believes that its private equity funds will be exposed to a broad range of Sustainability Risks, which will differ from invested company to invested company. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. As such, the AIFM will screen the respective portfolios against sector-specific KRIs as applicable for the respective products, taking into account that if the AIFM starts managing additional asset classes in the future, KRIs relevant for such asset class will be applied.

Entity-level statement consideration of principal adverse impacts (PAIs)

No consideration of adverse impacts of investment decisions on sustainability factors

Article 4(1), point (b), of SFDR, requires that, where a financial market participant does not consider adverse impacts of investment decisions on sustainability factors, it shall publish and maintain on its website clear reasons for why it does not do so, including, where relevant, information as to whether and when it intends to consider such adverse impacts.

The AIFM has decided for now not to consider any adverse impacts of their investment decisions on sustainability factors, as the SFDR and SFDR Delegated Regulation requirements on PAI indicators are technically complex and currently still under review, which is delayed pending the 2024 elections of the European Commission. As a recently incorporated AIFM, Vinci GP (Lux) S.à.r.l. aims to ensure alignment with the regulatory expectations but wants to avoid the operational burden of solidifying a monitoring framework that is expected to undergo significant amendments in the near future. In addition to this, all of the funds' investee companies are not located in the EU, which makes it difficult to obtain accurate information for the reporting. the AIFM will review its position on this decision annually as it assumes.

Remuneration policy

As per Article 5 of SFDR, financial market participants are required to include in their remuneration policies information on how those policies are consistent with the integration of Sustainability Risks and shall publish that information on their websites.

The AIFM formally does not have any employees at the date of the latest version of these disclosures, but will ensure that a potential future remuneration policy is always consistent with the integration of Sustainability Risks. It will also ensure that when determining the variable remuneration of its identified staff, the board of managers of the AIFM takes compliance of the relevant staff member with all procedures and policies of the company into account, including those relating to the integration of Sustainability Risks. In addition to this, the AIFM aims at promoting to protect the value of the investment portfolio with an effective risk management culture and ensure that the asset owners' long-term interests and the long-term success of the AIFM are aligned with the staff's incentives.