INDEPENDENT VERIFICATION
ALIGNMENT WITH THE OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

Vinci Partners
Vinci Impact & Return IV Fund (VIR IV)
2nd Year of Verification

May 31, 2023
About NINT

NINT (Natural Intelligence), formerly known as SITAWI’s Sustainable Finance Program, is the largest ESG research and advisory firm in Latin America, with a +100 staff and local presence in Brazil and Latin America. We are one of the 5 best environmental and social research houses for investors according to Extel Independent Research in Responsible Investment - IRRI 2019 - and a pioneer in the green bond market in Brazil. We have provided second party opinions for more than 200 ESG debt instruments. Since 2020 we are among the top 10 global providers of second opinions for sustainable bonds, according to Environmental Finance. In February 2023, NINT has integrated ERM group.

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Declaration of Responsibility

NINT is not a shareholder, client, supplier or subsidiary of the Investor or from its affiliates, being therefore able to provide an independent opinion regarding its alignment with the Operating Principles for Impact Management.

DISCLAIMER

NINT acted as ESG & impact advisor to Vinci and also provided due diligence advisory services. To mitigate the potential conflict of interest and ensure objectivity and impartiality, the professionals responsible for this Verification Statement were not involved in the advisory projects. Thus, NINT declares not having any conflicts of interest, and also to being able to provide an independent opinion regarding the impact management of Vinci Impact & Return IV Fund (“VIR IV” or “Fund”).

The assessment contained in this Verification Statement is based on a series of documents, part of which are confidential, provided by the Investor. We cannot attest to their completeness, accuracy or even veracity. Therefore, NINT is not responsible for the use of the information contained in this opinion. This assessment focuses on the impact management integrity and does not include the verification of the resulting impacts achieved.

THIS IS NOT A RECOMMENDATION: We reinforce that the analysis and opinion in this report shall not be taken as an investment recommendation or a proxy for liquidity or returns.
Scope and Opinion

As a signatory of the Operating Principles for Impact Management (‘Impact Principles’), Vinci Partners Investimentos Ltda. (‘the Investor’ or ‘Vinci’) is committed to disclosing the alignment of its Impact Management System with the Impact Principles. The Impact Principles standardize best practices for Investors and institutions to manage impact investments.

The Investor engaged NINT to undertake the assessment. This Disclosure Statement applies to the whole portfolio (Vinci Impacto e Retorno IV - FIP Multiestratégia and Vinci Impacto e Retorno IV Master P - FIP Multiestratégia). Vinci Impact & Return Fund (‘VIR IV’ or ‘Fund’) is a private equity fund managed by Vinci that accounted for US$ 169 million in assets under management as of December 31, 2022.

NINT used its proprietary assessment method, based on the Operating Principles for Impact Management, to conduct the assessment and form its opinion. This is the second independent verification of Vinci Impact and Return IV’s alignment with the Operating Principles for Impact Management. The first verification was also conducted by NINT in March 2022, and it was published on the Operating Principles for Impact Management website.

The information used to develop this Verification Statement came from various sources, including information and documents provided by the Investor (some of them confidential) and desk research. This process was carried out between March and May 2023.

NINT had access to all requested documents, thus being able to provide an opinion with a reasonable level of assurance regarding completeness, precision, and reliability.

Final opinion: NINT states that Vinci Impact and Return IV’s Impact Management System is highly aligned with the Impact Principles.

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1 https://vinciinstitucionalprd.blob.core.windows.net/doc/VIR_IV-Independent_Verification_Statement.pdf
## Overall assessment

<table>
<thead>
<tr>
<th>Investor:</th>
<th>Vinci Partners Investimentos Ltda.</th>
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</thead>
<tbody>
<tr>
<td>Fund:</td>
<td>Vinci Impact and Return IV</td>
</tr>
<tr>
<td>Country:</td>
<td>Brazil</td>
</tr>
<tr>
<td>Committed AUM(^2):</td>
<td>US$ 169 MM</td>
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</tbody>
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### Overall Alignment

**High**

### Main strengths

- High alignment with most of the Principles (7 out of 9) and moderate alignment with other 2 Principles (Impact Principles 2 and 7).
- Well-defined strategic impact objectives that are consistent with its investment strategy.
- Internally-developed, robust and systematic ESG and Impact framework is used to assess potential impact of invested companies.
- Robust engagement practices, including an Impact Committee forum are implemented to guarantee impact achievement by invested companies.
- Expected impact estimated and compared to baseline and actual impact to improve monitoring practices and impact achievement.
- Impact achievements and Principles alignment are publicly disclosed and independently verified.
- The disinvestment that occurred in 2022 was conducted considering the effect on sustained impact.

### Improvement opportunities

- The Investor could set more ambitious impact action plans for companies that represent a bigger stake of the portfolio.
- The investment management team shall have incentives (non-financial or financial) related to the achievement of impact of the investees, strengthening the VIR IV’s impact strategy.
- Document the disinvestment (exit) process in a formalized policy.

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\(^2\) The AUM considers all the investments made by the Fund as of December 31, 2022, according to Vinci’s Operating Principles for Impact Management Disclosure Statement, publicly available on Vinci’s website. Available on: [https://vinciinstitucionalprd.blob.core.windows.net/doc/VinciPartners_Disclosure_Statement.pdf](https://vinciinstitucionalprd.blob.core.windows.net/doc/VinciPartners_Disclosure_Statement.pdf)
Alignment to the Principles

**Principle 1: Define strategic impact objective(s), consistent with the investment strategy.**

*Level of alignment:* High

The Investor maintains well-defined strategic impact objectives for the portfolio, aiming to promote positive social and/or environmental impact (‘S&E’) as well as to create financial return to its limited partners (‘LPs’). The impact-oriented strategy remains focused on minority stakes in small and medium enterprises (SMEs) with limited access to capital and know-how and within priority sectors with a robust impact thesis and consistent with its whole investment strategy.

The positive impact aimed by the fund remains aligned with the Sustainable Development Goals (SDGs) 1 (‘No Poverty’), 8 (‘Decent Work and economic growth’), 9 (‘Industry, Innovation and Infrastructure’) and 10 (‘Reduced Inequalities’). According to the particularity of each investee, the Fund also seeks to contribute to other SDGs. The priority sectors for the fund's investing are (i) healthcare, (ii) specialized retail and (iii) business services. These sectors represent potential positive outcomes and relevant investment needs in Brazil.

Furthermore, according to Vinci, during the investment period the investor seeks to improve the investees impact by supporting them to develop its products, services, or modus operandi to generate impact along with business opportunities.

**Principle 2: Manage strategic impact on a portfolio basis.**

*Level of alignment:* Medium

Vinci measures and monitors the impact metrics and relevant key performance indicators, defined during the investment process. These metrics are aggregated into a portfolio view for high-level analysis and reporting. There are annual reviews of the portfolio in which each investment is compared to the expected and actual impact. The results are used to improve operational and strategic investment decisions.

To illustrate, some examples of the indicators measured by Vinci VIR IV Fund are: (i) the number of jobs created since its investment for the whole VIR IV portfolio and (ii) the percentage (%) of women employed in each company. Other metrics are related specifically to each investee, for example, (i) number of health care treatments (both in the public and private sectors); (ii) number of participants in health prevention programs (at the end of each quarter); (iii) number of lives served by health insurance, and other indicators which are defined according to the sector of the investee and its impact Action Plan.

Other than what was established in the first year of verification, since 2022, the Impact and ESG plan monitoring includes a new forum called the Impact Committee. The Impact Committee consists of work meetings focused on discussing the updates with an employee from the Investee’s leadership level, who is responsible for impact management, together with the Fund’s management team.

Eventually, a multidisciplinary group participates as well to discuss the impact plan, indicators, and possible difficulties, and look for a joint solution. This multidisciplinary group can have Investee’s employees from different areas, such as Human Resources, Communications, Finance, Operations, and others. In addition, the Fund’s management team has implemented an internal biweekly meeting to discuss the progress of the investees in their plans.

Moreover, Vinci stated that it keeps promoting training related to impact measurement and management as non-financial incentives for the deal team and other staff directly related to the fund (e.g. legal staff). The financial incentives remain following the company processes, not being related to the VIR IV’s impact metrics. Therefore, including incentives (non-financial or financial) related to the achievement of impact of the investees, strengthening the VIR IV’s impact strategy remains as an improvement opportunity.

**Principle 3: Establish the Manager’s contribution to the achievement of impact.**
Level of alignment: High

Vinci’s deal team maintains its responsibility to work together with the Investee to build an Impact Plan. At the signing phase, Vinci submits and agrees with the entrepreneurs on the 100-days Action Plan, Value Creation Plan, and the Five-Year Action Plan to address ESG risks and achieve positive impact.

Vinci sends quarterly reports about the fund’s performance to Vinci VIR IV’s investors. These reports include improvements and challenges faced regarding impact and ESG management. Beyond that, Vinci discloses an Annual Impact Report that contains an overview of the investee’s action plans, indicators, and impact achievements.

Vinci still has no established policy to provide resources for impact achievement. However, in some cases, Vinci VIR IV’s management team addresses some specific budget for projects related to the Action Plans of some investees. Thus, the contribution of the Fund for impact achievement is made mostly through non-financial channels.

Principle 4: Assess the expected impact of each investment, based on a systematic approach.

Level of alignment: High

The process established to define if a new investment is aligned with the Fund’s impact strategy remains the same as during the previous verification1. Firstly, Vinci applies the first tool of its Impact Framework, the Eligibility and Prioritization Tool.

After this initial screening, Vinci calculates the Vinci Impact Index (‘VII’) in order to define the reference point for impact on a screened company and to calculate the expected impact on each one of them. The VII ranges from grades “A+” to “D”, where D is the worst-case scenario and, thus, the Fund does not invest. The Vinci Impact Index (VII) follows the Impact Management Project Framework (IMP Framework) assessment, which has five dimensions (What, Who, How Much, Contribution and Risk). The baseline VII score refers to the impact generated by the company before VIR IV’s investment. As in 2021, the Vinci Impact Index (‘VII’) for each portfolio company is still updated on an annual basis and whenever there is a disinvestment.

Noteworthily, Vinci measures and monitors the impact metrics and relevant key performance indicators defined during the investment process. This process can be carried out on a monthly or bimonthly basis, depending on the Investee’s profile. In 2021, the impact metrics were measured every six months.

Vinci stated that this closer monitoring need arose to increase engagement and educate both the Investee and the Fund’s management team on the importance of impact management and action plan implementation. The metrics are mostly based in the IRIS+ indicators and are connected to the key SDGs that each company intends to contribute.

Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment

Level of alignment: High

Vinci conducts an Environmental and Social (E&S) risk categorization for all fund’s investments. It considers two variables: (i) the company’s core business and (ii) a combination of contextual aspects regarding company’s location and critical issues to its operations. The results of this E&S risk categorization are used as inputs for the Impact & ESG Due Diligence (IEDD).

As established on Vinci’s Impact Framework, the IEDD (due diligence process) is carried out following the IFC Performance Standards for all investments, regardless of its ESG risk level, together with specialized consultants. It aims to ensure the impact intentionality but also identify potential ESG risks and value creation opportunities in the businesses. Therefore, the team assesses the materiality of ESG risks and opportunities to each investment.

As a result, this process enables the team to support the companies in the development of systems, controls, and metrics regarding the positive and negative potential impacts. Thus, the Impact & ESG Due Diligence is a tool to assess not only the ESG risks but the potential positive impact and, consequently, to foster value creation in the business.

1 Verification of alignment with the Operating Principles For impact - 1st year (2021).
At the investment signing phase, Vinci submits and agrees with the entrepreneurs on an Action Plan to address Impact and ESG risks. Also, every portfolio company must commit to ESG legislation and norms and the applicable requirements of the Fund on ESG and positive impact, as well as abide to the Action Plan.

In 2022, the Fund also implemented an Impact Committee forum, as mentioned in Principle 2, where the Fund’s team, together with a leadership level investee’s employee, discuss the Action Plan development and impact performance of the investee.

In case the impact metrics of an investment indicates that it is not going to achieve its intended impact, Vinci will actively engage with the company to diagnose causes and implement action plans to improve its impact performance.

**Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.**

*Level of alignment: High*

After each investment, Vinci measures and monitors both ESG and impact metrics and relevant key performance indicators defined during the investment process, as established on Vinci’s Impact Framework. Vinci updates the investment’s Vinci Impact Index (VII) for each portfolio company on an annual basis.

The impact metrics are mostly based on the IRIS+ indicators and are connected to the SDG objectives. During the first year of the Fund (2021), Vinci monitored some indicators in common for the portfolio companies (e.g. percentage of women employed and number of jobs created since VIR IV’s investments), and also specific indicators for each investee according to the Action Plan defined. Financial indicators were also monitored and quarterly reported along with impact indicators to investors.

Vinci disclosed the first Vinci VIR IV’s Annual Impact Report in 2022 regarding the Fund’s performance in 2021. This first Impact Report covered the impact indicators established in the Action Plans of each investee. In addition, Vinci continued to conduct a quarterly update with investors, reporting specific indicators and impact projects.

During the second year of the Fund (2022), Vinci stated that the process to monitor the progress of each investment remained almost the same. Nowadays, the monitoring process also includes the Impact Committee meetings. As previously mentioned in Principle 2, in this Committee, the Fund’s management team discusses the updates (impact plan, indicators, and difficulties) with a leadership level employee from the investee, who is responsible for the company’s impact. Even though the process is not properly formalized, Vinci maintains a follow-up of every meeting and has disclosed its information to NINT during the analysis process.

In addition, the Fund’s management team has implemented an internal biweekly meeting to discuss the progress of the investees in their plans.

**Principle 7: Conduct exits considering the effect on sustained impact.**

*Level of alignment: Medium*

Vinci’s process of disinvestment (exiting process) considers not only the financial return, but whether the buyer shares the same impact principles of the VIR IV Fund and presents clear ESG values. Buyers that maintain the positive impacts are preferable but the priority in the disinvestment process remains the financial return.

The disinvestment process is not formalized in a document and there are no defined criteria to be analyzed during the process. According to the Vinci, the responsible team evaluates the synergies that exist in terms of ESG and Impact, according to each case, but always focused on the main impact themes of each investee and its sector.

In 2022, VIR IV exited from Pro Infusion, a company that fractionates special drugs of special medicines (oncological, parenteral nutrition and ophthalmological). According to Vinci, the exiting process occurred between two potential buyers and the criteria considered were: (i) financial proposal; (ii) buyers’ objective and future planning for the investee after acquisition; (iii) buyers’ ESG policies and...
reputation; (iv) agility and interest in the business. Vinci’s participation in the investee was sold to the buyer which stood out mainly in the Impact and ESG issues. The buyer showed expectations to continue and expand the Pro Infusion business, both in the public and private sectors, as well as seeking to bring more efficiency to the chain by reducing costs and losses in oncology treatments.

**Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.**

*Level of alignment:* High

Vinci remains committed to continuous improvement. It aggregates specific metrics and the Vinci Impact Index (VII) of the different investments into a portfolio view for high-level analysis and reporting. Vinci also conducts annual reviews of the portfolio and of each investment comparing the expected and actual impact. The reviews’ results are used to improve operational and strategic investment decisions. NINT had access to the 1st Annual Impact Report (year-base 2021). The Annual Report that refers to VIR IV’s performance in 2022 is not finished yet.

Vinci had committed to, after each exit, develop an impact case study, reviewing positive aspects of the impact performance and lessons learned. The fund’s team would use these cases for strategy enhancement and management processes’ improvement on unrealized investments. Vinci stated that the case study about the disinvestment of 2022 (Pro Infusion) wasn’t ready yet, as the earnout payment was paid only by the end of April 2023.

Regarding Pro Infusion’s improvement on ESG and impact during Vinci VIR IV’s investment, the investor stated that as soon as the deal was closed, the Fund’s team together with the Investee started to implement the Action Plan, including policies and tools, such as HSE (Health, Safety and Environment) Policy, Code of Ethics, grievance channels, waste management procedures, and others. Just before VIR IV’s entrance, Pro Infusion’s Vinci Impact Index (VII) was graded ‘C’. The Fund exited the Investee with a VII graded ‘B’, as Vinci VIR IV’s management team expected when the deal was closed. So, Vinci’s investment in the company could support Pro Infusion to improve its impact and ESG strategy.

**Principle 9: Publicly disclose alignment with the Principles and provide regular independent verification of the alignment**

*Level of alignment:* High

In line with Impact Principles’ requirements, Vinci publicly discloses, on an annual basis, the alignment of its impact management systems with the Impact Principles and the conclusions of this verification assessment report.

Vinci’s Disclosure Statement 2023⁴ is available in the Operating Principles for Impact Management website and the conclusions of the 2021 analysis (independent verification)⁵ were publicly disclosed, as part of Vinci’s commitment to the Operating Principles for Impact Management. The Investor commits to publicly disclose the conclusions of the 2022 analysis as well.

Regarding the VIR IV’s Annual Impact Report, which includes information about the investees, Vinci Impact Index (VII) performance per investment and of the total portfolio, Vinci commits to share it only with VIR IV’s investors. The 2023 Annual Report is not finished yet, but according to Vinci it will be sent to the Fund’s investors. Moreover, Vinci also develops quarterly portfolio performance reports for investors, in which it reports the developments and challenges in regarding the investment impact.

A third party will continue to provide an independent verification of the Fund’s impact management systems’ alignment with the Impact Principles. Finally, it is worth mentioning that the Vinci Partners ESG Report 2021 also brings some information about Vinci VIR IV Fund.

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Method

About the verification requirements

The Operating Principles for Impact Management state that: “Signatory must provide regular independent verification of the alignment of its impact management systems with the Principles. The verification may also highlight aspects of the systems and processes where alignment may be enhanced. Independent verification may be conducted in different ways, for example, as part of a financial audit or through a portfolio/investor performance evaluation.

The verification may be performed by an external third party or by an internal unit of the Signatory. If the verification is performed by an internal unit, the Signatory must provide a description of the verification process and how it is separate from the operational units.

The frequency of the verification report may vary, depending upon the type of organization. If it is not performance on an annual basis in conjunction with the annual disclosure report, then the Signatory must disclose the frequency of the independent verification and the underlying rationale.

If the first verification report is not available when the first disclosure statement is submitted, then the Signatory must provide the date that it will be provided, how frequently it will be provided, and the name and qualifications of the independent verifier.”

Verification assessment procedures

NINT’s assessment is based on a proprietary methodology, aligned to the Operating Principles for Impact. NINT also considers Impact Management Project (IMP) and IRIS+ as relevant references. The assessment consists of the following stages:

1) Application of NINT’s methodology for the verification of the Investor’s performance level for each of the nine Operating Principles. The methodology developed divides each Operating Principle into two or more Components and assesses the level of alignment of the Fund’s impact management practices, tools, policies and responsibilities to each of these Components. Our opinion is based on desk research of publicly available information, interviews with staff and assessment of internal documents.

2) Alignment can be:
   a. Low, when there are no practices in place that correspond to the demands of each Component;
   b. Medium, when there are tacit practices in place that correspond to the requirements of a Component OR when the formal practices partially meet the requirements; and
   c. High, when there are formal practices in place that meet the Component requirements.
3) The average of the Components level of alignment make up each Principle’s level of alignment. The final result is the average of the nine Principle’s level alignment that represents the level of alignment of the Investor to the Operating Principles for Impact Management.