Disclosure Statement

Operating Principles for Impact Management

FEBRUARY 2022

VINCI partners

FEBRUARY 2022

Disclosure Statement

Vinci Partners Investimentos Ltda. (the "Signatory" or "Vinci") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles") and is proud to announce its first year as a member of the Operating Principles for Impact Management, as well as the first year of Vinci Impact and Return IV (the "Fund" or "VIR IV"), managed in accordance with the Impact Principles – Vinci's first impact-focused strategy.

This Disclosure Statement applies to the following assets or business lines (the "Covered Assets"):

- Vinci Impacto e Retorno IV – FIP Multiestratégia[1][1], and
- Vinci Impacto e Retorno IV Master P – FIP Multiestratégia

The Fund concluded last year (2021) with 4 investments, deeply aligned with its strategy of investing in priority sectors (healthcare, business services, healthy nutrition and retail) through minority stakes in Small and Medium-Sized Enterprises (SMEs) with experienced entrepreneurs leading the business, seeking to provide its investors with good risk adjusted market returns while also generating positive impact to stakeholders and the communities in which it operates.

The total Covered Assets in alignment with the Impact Principles is US$188.2 million as of February 28, 2022.

Jose Pano
Partner and Head of Impact Investing
Vinci Partners Investimentos Ltda.

February 28, 2022

[1] Considering all feeder funds in the structure

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

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- VIR IV's impact strategy objective is to invest in companies that will allow scalable, measurable, and positive effects on socio-economic, environmental, and life quality conditions in Brazil. This implies investing in SMEs that have the generation of positive impact embedded in the conduction of their core business, or SMEs that have limited access to capital and know-how given their presence and focus in less developed regions of Brazil. Therefore, we focus on building our portfolio through certain industry thesis that are aligned with the following SDGs: (i) SDG 3 (Good Health and Well-Being); or (ii) SDG 5 (Gender Equality); or (ii) SDG 8 (Decent Work and Growth); or (iii) SDG 9 (Industry, Innovation and Infrastructure).

  The Fund's objective is to support portfolio companies in incorporating impact drivers and an impact management system into their business strategy.

- Moreover, VIR IV's impact strategy is further supported by the segments in which the Fund will focus. This Industry Impact Thesis can be outlined as follows:
  - Healthcare - Ensuring healthy lives and promoting well-being;
  - Education - Increase of the access to inclusive and equitable education and promote lifelong learning opportunities;
  - Specialized Retail - Improvement of the access to safe and nutritious food, promotion of decent work for vulnerable/disadvantaged people or improvement of the access to basic products;
  - Value Added Services and IT: Improvement of the access to basic services or increase of the quality, productivity and efficiency of services with clear positive ESG impact (e.g. mobility, environmental services);
  - Healthy Nutrition - Improvement of the access to healthy food, environmentally friendly products and services and inclusion of low-income rural workers.

Principle 2 - Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- The Fund's impact management system is developed based on its Impact Framework: a view that combines impact policy, the Fund's sector-focused impact strategy themes, and a set of tools to serve as guidelines for its: (i) investment process, (ii) monitoring, (iii) reporting and (iv) exiting processes. This tool was created in conjunction with the Fund's impact advisor, Sitawi. As a result, Vinci believes that its Impact Framework is serving as a robust method, designed to guarantee with precision and accountability that new investments are suitable to the Fund's impact objectives.

- The impact metrics are mostly based on the Impact Reporting and Investment Standards – IRIS+ ("IRIS+") indicators and are also linked to the SDG objectives. Also, ESG metrics are specifically selected according to the materiality of ESG issues to each analyzed company. In that regard, either Vinci or the investees contract specialized consulting companies to support data collection whenever necessary.

- After the investment, Vinci will measure and monitor ESG and impact metrics as well as the relevant key performance indicators through a few proprietary tools proprietarily developed in conjunction with Sitawi (the Fund's impact advisor).

- The first of said tools is the Eligibility and Prioritization Tool, which is used during the screening phase of the investment process. With it, Vinci will analyze both the impact thesis suitability and the risk/return profile according to the Fund's criteria for every new potential investee. In summary, this tool is applied to define if a new investment is aligned with the Fund's impact strategy.

- The second tool the Fund's management teams uses is the Vinci Impact Index ("VII"), with the purpose of defining the potential investees' impact performance at entry and calculating their expected impact performance through Vinci's holding period, seeking to: (i) support investment decision and defining guidelines for the inclusion of impact related clauses in investment contracts before signing and closing phases; (ii) realistically measure, compare and monitor portfolio companies' impact performance on a continuous basis; and (iii) report portfolio companies' overall impact alongside financial performance in a more LP-friendly approach.

- The **Impact & ESG Plan**, developed both by Vinci and portfolio companies' management early in the investment process, which defines targets to be achieved and indicators to monitor the evolution of impact generation. This Impact & ESG Plan is monthly reviewed in the Board of Directors Meeting and has also a direct owner within the company, who is responsible for ensuring that the plan is being carried out.

- Moreover, Vinci will provide a high-level report with specific metrics and the evolution of the VII for each of VIR IV's portfolio investments, conduct annual reviews of the portfolio and portfolio companies by comparing the current and expected impact, and use the results to improve operational and strategic investment decisions.

- Regarding incentive systems, Vinci is currently working on it and considering aligning staff incentive systems to achievement of impact, as well as financial performance.

Principle 3 - Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- As VIR IV's fund manager, Vinci has an important role in contributing to portfolio companies' achievement of financial and impact performance. The strategy involves active governance, specific investment contract clauses, constant monitoring as well as requiring the investees to define an employee directly responsible for the topic.

- Vinci does not have a defined policy for financial channels that covers all the companies in the portfolio, but in some cases we do have specific investments linked to the company's impact plan.

- In addition, portfolio companies' Impact & ESG plans are monthly monitored in Board of Directors Meeting on dedicated sections. Depending on how the company is evolving in its Impact & ESG plan, and if there are discrepancies between the expected and current impact, Vinci's team will actively engage with the company suggesting specific meetings to discuss potential causes and remediations.

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

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- VIR IV's management teams uses the VII, with the purpose of defining the potential investees' impact performance at entry and calculating their expected impact performance through Vinci's holding period, seeking to: (i) support investment decision and defining guidelines for the inclusion of impact related clauses in investment contracts before signing and closing phases; (ii) realistically measure, compare and monitor portfolio companies' impact performance on a continuous basis; and (iii) report portfolio companies' overall impact alongside financial performance in a more LP-friendly approach.

- The baseline VII score will refer to the impact generated by the company before VIR IV's investment. Sequentially, the expected VII score will focus on estimating the Impact generated after the Fund's holding period in the company, using the information collected from the due diligences and the team's projections.

- VII is based on the largely accepted and applied set of five dimensions from Impact Management Project's Framework ("IMP"). The five IMP dimensions (what, who, how much, contribution and risk) are applicable to define and classify impact both under quantitative and qualitative terms.

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

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- Vinci, together with specialized consultants, conducts the Impact & ESG Due Diligence ("IEDD") to (i) ensure intentionality, (ii) identify potential E&S risks and provide a risk categorization adapted from the IFC Performance Standards; and (iii) develop the systems, controls and metrics for the conduction of the investment.

- Every portfolio company must commit to ESG legislation and norms as well as the applicable requirements of the Fund regarding ESG and positive impact, thus abiding to the Impact Action Plan developed by the team.

- 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.

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- As part of the impact reporting process, after the investment, Vinci will measure and monitor both ESG and impact metrics and relevant key performance indicators, defined during the investment process, and update the investment´s VII for each portfolio company. In this sense, Vinci releases an annual impact report that covers the indicators defined in the impact plan for each portfolio company and also a quarterly update with investors, covering specific indicators and impact projects.

- The impact metrics are mostly based on the IRIS indicators and are linked to the SDG objectives. The team and the companies contract specialized consulting companies to support data collection.

- Vinci will also identify eventual challenges and/or constraints related to the implementation of the Action Plans. In case of construction or decommissioning activities, Vinci will require the company to prepare a plan based on the World Bank Environmental, Health and Safety (EHS) Guidelines for Construction and Decommissioning.

- 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.

- As a result, Vinci provides a high-level report with specific metrics and the evolution of the VII for each of VIR IV's portfolio investments, conduct annual reviews of the portfolio and portfolio companies by comparing the current and expected impact, and use the results to improve operational and strategic investment decisions.

Principle 7 - Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- Throughout divestment processes, Vinci will consider the effects on impact sustainability and prioritize, alongside its financial goals, transactions where impact maintenance is secured or less harmed. In practical terms, Vinci will consider buyers that share VIR's impact principles or that have clear ESG values on its guidelines.

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

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- Vinci reviews the Impact & ESG plan performance monthly in portfolio companies' board meetings, comparing actual vs. expected achievement of specific goals within each portfolio company, as well as positive and negative impacts.

- The Impact & ESG indicators track record is updated and registered through the Annual Impact Report the Fund publishes to its LPs. The report is also an opportunity to review the impact performance of the portfolio on a consolidated basis and identify opportunities for improvement.

- After each exit, Vinci will develop impact case studies, reviewing positive aspects of the impact performance as well as lessons learned. The team intends to use the cases for strategy enhancement and for improving management processes on unrealized investments.

Principle 9 - Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.
The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- Vinci will publish the disclosure statement on an annual basis, reaffirming the alignment of the impact management systems put in place for VIR IV's portfolio companies with the Impact Principles official requirements.

- VIR IV is committed to transparency and the importance of the statement. As such, an independent third-party verification on the Fund's impact management systems and its alignment with the Operating Principles for Impact Management will be provided by an independent team of Sitawi, which will be different from the Sitawi´s team that advises the Fund. The conclusion of the verification reports will also be publicly disclosed, on an annual basis. The first independent verification will be completed by May 31, 2022.

RIO DE JANEIRO - BRASIL
55 21 2159 6000
Av. Bartolomeu Mitre, 336 - Leblon
22431-002 Rio de Janeiro RJ

SÃO PAULO - BRASIL
55 11 3572 3700
Av. Brigadeiro Faria Lima, 2.277
14º andar - Jardim Paulistano
01452-000 São Paulo SP

RECIFE - BRASIL
55 81 3204 6811
Av. República do Líbano, 251
Sala 301 - Torre A - Pina
51110-160 Recife PE

NOVA YORK - EUA
1 646 559 8000
780 Third Avenue, 25th Floor
New York, NY 10017