



Luxembourg, 29.03.2023

Environmental and Social Data Sheet

Overview

Project Name:	<i>Vinci Climate Change Fund</i>
Project Number:	<i>2022-0737</i>
Country:	<i>Brazil</i>
Project Description:	<i>Equity fund targeting investments in climate action infrastructure in Brazil.</i>

EIA required: yes

Project included in Carbon Footprint Exercise¹: no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

The Fund targets climate change and environmental sustainability projects across Brazil aiming at a lower carbon economy. The Fund aims to build a portfolio of 6-10 investments to finance predominantly greenfield investments primarily in clean energy and water & wastewater but potentially also in energy access and energy efficiency. Most clean energy projects concern mature renewable energy technologies such as solar PV, biomass, wind energy or hydropower, sometimes in combination with battery storage. The remainder of the Fund investments will consist of growth equity into existing mainly water & sewage and distributed generation companies with the aim to expand.

Environmental Assessment

The environmental and social impact of most of the investments – if appropriately designed and operated – is likely to be limited, with no significant negative residual effects. However, the projects vary considerably in size and nature, from small-scale rooftop solar PV installations for small commercial or industrial clients to potentially hydropower projects, with clearly different E&S risk profiles.

It is expected that a full EIA will be required for several but not all investments. Regardless, the Fund Manager (Vinci Partners) will be required to perform an assessment of environmental and social risks for each project and follow the environmental and social performance during project implementation. For investments subject to an Environmental and Social Impact Assessment (ESIA) and/or biodiversity assessment as per the EIB E&S Standards, the Fund Manager shall ensure that the Environmental and Social Impact Assessment and/or the biodiversity assessment is carried out and that public consultation is undertaken in accordance with national legislation and in line with the EIB Standard 2 – Stakeholder Engagement.

Projects with significant negative social or environmental residual impacts will not be allowed. If a project is likely to affect a nature conservation zone or other sensitive areas as defined in national or international environmental legislation, the Fund Manager shall ensure to obtain confirmation from

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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the competent authority – following a biodiversity assessment in line with EIB requirements – that the scheme does not have significant negative impacts on any site of nature conservation importance.

As usual in funds, the net emission savings cannot be reliably estimated at this stage, as the expected portfolio of the Fund's Investments is still under development and there is insufficient data. During the investment period the Fund will monitor and report CO₂ savings when reliable data becomes available. However, based on the tentative pipeline, it is calculated that the total relative effect of the renewable energy projects (c. 70% of the expected fund allocation) is a net annual reduction in CO₂ equivalent emissions by 1194 kt CO₂-e per annum.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty Vinci Partners is a Financial Intermediary in-scope and screened into the PATH framework. The counterparty does not currently disclose in line with the TCFD recommendations. The counterparty has agreed to disclose in line with TCFD recommendations within one year after the first closing.

Social Assessment, where applicable

Concerning EIB's Labour standard, the Fund Manager will be required to undertake reasonable efforts to assess and address the risk of forced labour in the supply chain of solar PV projects. This will include, on a reasonable effort basis, enhanced due diligence commensurate with the capacity and leverage of the developers regarding labour issues in the supply chain, and cascading appropriate requirements to the contractors/suppliers of the sub-projects.

Public Consultation and Stakeholder Engagement

The Fund will be required to include in its management system the requirement to establish an appropriate grievance redress mechanism ("GRM") at project level. The GRM will be commensurate with the level of E&S impacts and risks of the underlying project and will be designed to ensure that any individual or community who believes they are or might be adversely affected by a project is able to file a grievance or complaint using the grievance process. Finally, the Fund will be required to establish a grievance register at Fund level, and related procedures allowing stakeholders to submit feedback, concerns or complaints.

Other Environmental and Social Aspects

The Fund Manager will be required to ensure compliance of the investments with the EIB Excluded and Restricted Lists of activities, the EIB E&S Standards and core E&S requirements, as well as the E&S national laws and regulations.

The Fund has an ESG & Impact policy that outlines the investment strategy's specific commitments/requirements as well as systems and procedures describing the approach to identifying and managing E&S risks within investment and portfolio management processes, defining roles and responsibilities. The framework to assess ESG issues is based on the IFC Performance Standards. E&S aspects are well integrated in the Fund's investment process, whereby these aspects are reviewed together with other investment documents at the Investment Committee. Additionally, the policy also foresees to set up an E&S Working Group where the Fund Manager will bring E&S aspects, including concerning higher risk projects (e.g. hydropower, biomass, desalination), to the investors' attention for discussion. On an annual basis, the Fund Manager will prepare and submit to the Bank a consolidated ESG & impact performance report.

The Fund Manager team will include an ESG Officer who will be responsible for overseeing the adequate use of the ESG & impact tools and processes, in particular for managing the E&S due diligence process and for performing the portfolio monitoring.



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Conclusions and Recommendations

The Fund will be required to adhere to the EIB's applicable E&S standards and will incorporate the EIB's environmental and social requirements into its legal documentation to the satisfaction of the EIB.

All investments shall comply with national legislation and international conventions and agreements ratified by the host country.

With some adjustments to be made to ensure alignment with EIB requirements, the Fund Manager is considered to have an acceptable ESG & Climate Policy (including management systems) as well as good internal E&S capacity to operate the Fund. These adjustments mainly concern the incorporation of the relevant requirements and recommendations related to EIB Guidelines on Hydropower Development, EIB's requirements for sustainable biomass sourcing, requirements for Stakeholder Engagement (including regarding Grievance Redress Mechanism) and requirements related to the forced labour risk in the solar PV supply chain.

By first investment, the Fund Manager undertakes to have a dedicated ESG manager in place, and submit evidence thereof to the Bank.

Where an ESIA is required for an investment, the Fund shall require the investee company / project fund manager to disclose the ESIA and relevant studies on its website. If the Investee company does not have the capacity to publish the relevant documentation, the Fund will publish such documentation on its own website.

With these conditions in place, the Fund is considered acceptable for the Bank in environmental and social terms.