

1. **Scope of Environmental and Social Review.** The environmental and social review of the proposed transaction was carried out through desk research, a client web-conferencing call and a pipeline discussion. Vinci Partners have previously raised Funds with Development Finance Institutions' participation for which an Environmental and Social Management System (ESMS) was developed (under their VCP III Equity Fund). They are new clients to IDB Invest and will make minor enhancements to environmental and social management generally for the VIR IV Fund in question (see action plan below).
2. **Environmental and Social Categorization and Rationale.** The proposed project is classified as an FI-2 per IDB Invest's Environmental and Social Sustainability Policy. Investments to be supported by the Fund will be in SMEs within the healthcare, specialized retail, value added services, education and healthy nutrition sectors. Investments are expected to be made in approximately 9-11 companies, averaging between US\$10 - US\$25 million per investment. Category A sub-projects, per IDB Invest's definition, will be excluded.
3. **Environmental and Social (E&S) Risks and Impacts.** The main E&S risks of this project are associated with the Fund's capacity to identify and manage the E&S risks associated with its lending activities. The Fund Manager will be expected to apply best practices in identifying, mitigating and managing any issues found in investments. Environmental, Social, Health and Safety (ESHS) impacts and risks associated with investments are likely to be minimal in nature.
4. **Mitigation Measures.** Vinci Partners have an Environmental and Social (E&S) policy and manual, an E&S officer, an impact coordinator and a basic Human Resources (HR) policy. Approximately 31% of the Fund's employees are women and 69% of employees are male. In terms of leadership roles, 29% of those positions are occupied by women. The Fund is a signatory to the United Nations' Principles for Responsible Investment (UN-PRI) and report annually on their performance. In addition, the Fund applies an internally developed Impact Measurement Framework and produces an annual Environmental, Social and Governance (ESG) report on their investment portfolios.
The Fund Manager will be required to ensure that all investments comply with IDB Invest's Exclusion List, applicable E&S local laws, the IFC Performance Standards, as applicable, and apply an ESMS consistent with Performance Standard 1. The Fund's ESMS includes a basic categorization guide, legal clauses and monitoring procedures. The Fund Manager will be required to provide an annual Environmental and Social (E&S) Compliance Report and E&S due diligence reports of the first three investments to IDB Invest prior to the Fund's commitment. Training on the ESMS will be conducted with key staff and the Fund will enlist support from external experts as needed. The Fund manager will be expected to develop a comprehensive external grievance mechanism. The Fund will be expected to analyze, categorize and propose mitigation measures consistent with its Policy and ESMS. The Fund is not expected to finance any high-risk sectors. See below for a list of actions defined under this transaction.

5. Environmental and Social Action Plan

Activity	Description	Compliance Indicator	Timeline
Review of the first three operations (after ESMS update)	Vinci Partners will provide detailed E&S due diligence reports of the first three operations (prior to investment), with aim to; (i) confirm the categorization and level of analysis undertaken, and (ii) review the proposed action plans, if any	E&S due diligence reports and action plans	At time of sub-investment

E&S capacity building	Senior management, loan officers and credit analysts will be trained by an experienced firm on the ESMS and IFC Performance Standards. New personnel will also be trained	Certificates of training completion (annual reporting for new personnel)	6 months post disbursement
Use of external experts	The Fund will outsource the services of an experienced firm to undertake the E&S due diligence process (risk screening, action plan development and monitoring) for any high-level projects/investments. High risk sectors are generally considered those in corporate / project finance that may present significant risks / impacts.	Terms of reference (contract) with firm	On each investment considered high risk
Development of an external grievance mechanism	An external grievance mechanism in accordance with IFC Performance Standard 2 will be developed.	External grievance mechanism	3 months post disbursement

6. **Contact Information** For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email divulgacionpublica@iadb.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.