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Best Practices Guide

PRIVATE EQUITY

CONTENTS

ABVCAP Private Equity Principles

Promoting proper alignment of interests between institutional investors and fund managers is one of ABVCAP's top priorities. Developed in collaboration with institutional investors, managers, and industry experts, the **ABVCAP Private Equity Principles** seek to foster that alignment, with an emphasis on transparency and governance.
To help institutional investors and the Private Equity industry as a whole adopt effective best practices, ABVCAP remains committed to promoting, updating, and disseminating the **ABVCAP Private Equity Principles**, ensuring they evolve in line with the best interests of all industry participants and their beneficiaries.

The recommendations in this document should be read as references for adopting good market practices, not as rules uniformly applicable to all funds. Their implementation will depend on express provision in the respective fund bylaws and other fund documents. Likewise, it is recognized that the specifics of each investment vehicle may justify particular arrangements negotiated between LPs and managers, including as to the allocation of rights, obligations, and governance mechanisms, without prejudice to compliance with applicable laws and regulations.

Private Equity in Brazil: trust, governance, and growth

The **ABVCAP Private Equity Principles** are launched at a time of clear maturity for the industry in Brazil. This progress is the result of decades of institutional development and of a thriving ecosystem with many success stories. (ABVCAP today brings together more than 230 fund managers, institutional investors, and service providers, both domestic and international.)
After three decades of development, Brazilian private capital has reached a significant volume of assets under management, reflecting a more sophisticated, diverse, and resilient market. Alongside this, there is growing integration into global investment flows and greater capacity to create value across economic cycles.

Built collaboratively with institutional investors, fund managers, and experts, this guide sets practical benchmarks for transparency, governance, investment discipline, and alignment of interests.

These fundamentals are essential to sustain the industry's consistent growth and strengthen trust among managers, investors, and other stakeholders. Brazil is establishing itself as an increasingly relevant and safe destination for international capital. A sound regulatory framework, combined with an environment of continuous improvement, contributes to greater predictability and investor protection. At the same time, the country offers unique structural attributes: a consumer market of over 200 million people, a diversified business base, abundant natural resources, and a growing innovation environment in strategic sectors.

In this context, private capital plays a central role in driving the professionalization of companies, fostering innovation, accelerating sustainability agendas, and supporting long-term value creation. The ABVCAP Private Equity Principles reinforce this commitment by raising the industry's standard of excellence and consolidating best practices aligned with the global landscape.

More than a guide, this initiative marks a milestone in consolidating a private equity industry that is ever more transparent, responsible, and ready for the next cycles of growth.

Priscila Rodrigues
President of ABVCAP

Acknowledgments

The Brazilian Private Equity and Venture Capital Association (ABVCAP) extends its sincere thanks to the Institutional Investors Committee for preparing the Private Equity Best Practices Guide. This guide, the first of its kind in Brazil, is a significant and relevant milestone for the industry, offering guidelines that benefit the entire ecosystem.

Special thanks go to all those who contributed directly to the creation of this guide, whose collaboration was essential to its success.

The work ABVCAP has carried out for 26 years is vital to strengthening the industry, promoting best practices and encouraging more market participants to take an active part in the association's projects.

ABVCAP invites all industry professionals and institutions to engage and contribute to the continued advancement of the private equity, venture capital, and alternative investments market.

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01.

GOVERNANCE

1 GOVERNANCE

Good governance practices have the potential to foster an environment of trust and sound working relationships among investors, managers, and other parties throughout the fund's life. Beyond following this principle from inception, bylaws, contracts, practices, codes, and guides should provide mechanisms to address unforeseen situations, clearly and transparently indicating decision-making bodies and quorums.

The Private Equity industry also has great capacity to implement good governance practices at portfolio companies and to foster the adoption of responsible social and environmental practices. Besides enhancing the potential for financial gains, these practices reduce the risks associated with this asset class.

1.1. GOVERNANCE BODIES

Fund governance is also exercised through its decision-making bodies, whose proper functioning depends on a precise definition of their duties and mode of operation.

1.1.1. GENERAL MEETINGS OF LPs (AGCs)

To ensure full transparency and protection for LPs, certain matters should necessarily be submitted for approval at AGCs, including:

MATTERS RELATING TO THE FUND STRUCTURE:

- Amendments to the bylaws;
- Changes to the investment strategy;
- Changes to the concentration limits set in the bylaws;
- Changes to key team provisions;
- Extension of the investment period beyond that set in the bylaws;
- Extension of the fund term beyond the extensions provided for;
- Reinstatement of the investment period after a key person event ;

[1] See definition of 'key person event' in Section 1.4.

- Suspension of the investment period in cases not involving a key person event;
- Merger, merger by absorption, spin-off, and corporate conversion;
- Establishment, composition, organization, and operation of committees or boards;
- Changes to the AGC quorum for opening the meeting or passing resolutions;
- Removal or replacement of the administrator, custodian, and registrar;
- Issuance of new interests and/ or increase in committed capital;
- Approval of the financial statements.

MATTERS RELATING TO THE MANAGER:

- Removal of the manager **for cause**;
- Removal of the manager **without** cause;
- Naming the successor manager;
- Charging of management fees if the fund's original term is extended.

MATTERS RELATING TO INVESTMENTS AND TRANSACTIONS:

- Transfer of assets between funds of the same manager;
- Transactions in general with conflicted counterparties (LPs, related parties, etc.);
- Fund leverage above the percentage of net assets set in the bylaws;
- NAV financing above a material percentage of net assets, as set in the respective bylaws;
- Guarantees, sureties, or avals creating material exposure for the fund;
- Reinvestments above the contractual recycling limit.

MATTERS RELATING TO COSTS AND COMPENSATION:

- Increase in the administration fee, carried interest, and/or management fee;
- Additional fees charged by affiliates of the manager;
- Extraordinary expenses not provided for in the bylaws.

MATTERS RELATING TO LIQUIDATION AND DISTRIBUTION:

- Early dissolution of the fund in the cases set out in the bylaws;
- Funding in kind (use of assets or rights instead of cash to subscribe interests);
- Approval of the fair value report on assets used to fund interests in kind;
- Distributions in kind (delivery of assets or rights to LPs instead of cash).

1.1.1.1. QUORUMS

Following the general principle that voting thresholds should match the relevance of the matters at hand, a qualified quorum of 2/3 of subscribed interests is recommended for more sensitive and structural decisions. Accordingly, the following quorums are suggested as best practice for AGC resolutions:

MATTER	MAJORITY OF SUBSCRIBED INTERESTS	2/3 OF SUBSCRIBED INTERESTS
Changes to the concentration limits set in the bylaws	✓	
Changes to key team provisions		✓
Extension of the investment period beyond that set in the bylaws	✓	
Extension of the fund term beyond the extensions provided for	✓	
Suspension of the investment period in cases not involving a key person event		✓
Reinstatement of the investment period after a key person event	✓	
Merger, merger by absorption, spin-off, and corporateconversion		✓
Increase in the administration fee, carried interest, and/or management fee		✓
Establishment, composition, organization, and operation of committees or boards	✓	
Changes to the AGC quorum for opening the meeting or passing resolutions	*	*
Removal or replacement of the administrator, custodian, and registrar	✓	
Removal of the manager for cause	✓	
Removal of the manager without cause		✓
Naming the successor manager	✓	
Management fees charged after the fund's original term	✓	
Transfer of assets between funds of the same manager		✓
Fund leverage above the percentage of net assets set in the bylaws;	✓	
NAV financing above a material percentage of net assets, as set in the respective bylaws	✓	
Guarantees, sureties, or avals creating material exposure for the fund	✓	
Reinvestments above the contractual recycling limit	✓	
Fees charged to the fund or portfolio companies by manager affiliates		✓
Extraordinary expenses not provided for in the bylaws	✓	
Early dissolution of the fund in the cases set out in the bylaws		✓
Funding in kind (use of assets or rights instead of cash to subscribe interests)	✓	
Approval of the fair value report on assets used to fund interests in kind	✓	
Distributions in kind (delivery of assets or rights to LPs instead of cash		✓

* Resolutions to change the approval quorums set in the bylaws shall be subject to the same quorums established for the respective matters, so that a given quorum may only be changed by observing the very quorum applicable to the matter whose voting rule is to be amended.

In addition, the following best practices are recommended regarding:

1.1.1.1.1. ABSENT VOTES

Absent votes should be excluded from the count, i.e., they form part of neither the numerator nor the denominator for quorum purposes.

1.1.1.1.2. QUORUM OF MAJORITY PRESENT

As a general rule, avoid decisions based on a majority of the LPs present at the meeting.

Where exceptionally adopted, a minimum quorum for opening the meeting is recommended, e.g., 20% of subscribed interests.

1.1.1.2. APPROVAL OF THE FINANCIAL STATEMENTS (FS)

- Avoid clauses providing for automatic renewal of FS approval.
- Tacit approval of the FS, where the independent auditor has not issued a modified opinion, should occur only when the meeting is not convened for lack of quorum, and not by automatic provision in the bylaws.

1.2. SUPERVISORY BOARD

1.2.1. DEFINITION

The Supervisory Board is an optional governance body of the fund composed exclusively of LP representatives, whose creation must be expressly provided for in the Bylaws. When established, its purpose is to oversee conflict-of-interest situations, validate interpretations of the bylaws, and resolve on specific matters expressly assigned to it by the bylaws.

The provisions and powers in this section apply only to Funds whose bylaws expressly provide for a Supervisory Board.

1.2.2. FIDUCIARY DUTY AND DECISION-MAKING

- The Supervisory Board acts exclusively in the interest of the LPs and must perform its duties independently of the manager, even where its recommendations or approvals run counter to the interests of the manager itself or of individual members.

All resolutions must be:

Robustly documented, including the rationale for approval or veto;

Based on technical grounds and aligned with the fund bylaws and its investment strategy;

Verifiable ex post, allowing traceability and transparency.

1.2.3. MANDATE AND PURPOSE

- The mandate and duties of the Supervisory Board must be clearly defined in the fund bylaws and disclosed to LPs at fundraising and whenever amended.

- The Supervisory Board is predominantly advisory in nature, holding approval powers only over matters expressly provided for in the bylaws. Matters subject to Supervisory Board approval must be expressly listed in the bylaws and may not overlap with matters reserved to the AGC.

Its typical duties include:

- Assessment of conflict-of-interest situations presented by the manager, noting that the power to resolve on the approval of transactions, deals, or engagements involving conflicts of interest always rests exclusively with the AGC;

- Interpretation of bylaw provisions requiring validation or clarification;

- Review of cases such as:

    - investments between funds managed by the same manager;
    - personal or institutional investments by the manager in portfolio companies, outside the fund's interest or in breach of the exclusion policy;
    - non-arm's length transactions.

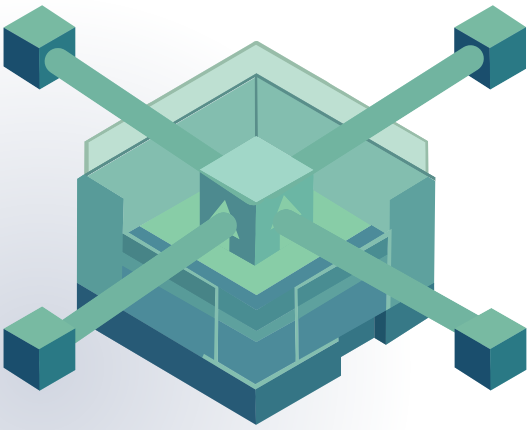
- Given the subjective nature of materiality assessments in certain situations, the manager should consult the Supervisory Board whenever there is reasonable doubt as to how a transaction should be classified, even if it believes it is not formally required to do so.

1.2.4. COMPOSITION AND INDEPENDENCE

- The Supervisory Board should be of a workable and representative size, considering diversity in commitment size, investor type, tax status, and quality of the relationship with the manager. Preferably 3 to 7 members, to ensure adequate representation of the investor base and avoid tied votes.

- Members must have proven experience and technical qualifications suited to the nature of the matters submitted to the Supervisory Board, as well as an unblemished reputation, assessed at appointment and maintained throughout their term.
  Should any fact arise that could compromise it, the member must immediately inform the Supervisory Board and the manager, and the LP that appointed them shall decide on their replacement.

- The manager may not be a member of the Supervisory Board.



- If any voting member holds an equity or ownership interest in the management firm, that link must be expressly disclosed to the Supervisory Board. Members must also formally declare any conflict of interest with the management firm and abstain from the resolution in question.

1.2.5. APPOINTMENT AND REPLACEMENT OF MEMBERS

Supervisory Board members are nominated at the manager's discretion from among the fund's LPs, subject to the eligibility criteria set in the bylaws, such as commitment size, diversity of profile, and investor type. Each invited institution appoints the professional who will represent it. The final composition of the Supervisory Board must be submitted to the LPs for approval at an AGC, with a clear justification of the selection criteria adopted.

Replacement of members follows this regime:

individual replacements may be made by the manager, subject to approval by a majority of the remaining Supervisory Board members, while structural changes to the Supervisory Board are matters for the AGC.

1.2.6. VOTING RULES AND GOVERNANCE STRUCTURE

The Supervisory Board adopts the principle of one institution, one vote; arrangements granting multiple votes, weighting by commitment size, or any form of super vote to any member are prohibited.

Likewise, the voting structure must not allow veto power — formal or de facto — by any member or group of members, including the member with the largest commitment to the fund.

On matters where the Supervisory Board holds approval power, resolutions are passed by a simple majority of members present, with a minimum quorum of half + 1 of the members to convene the meeting.

1.2.7. COSTS AND COMPENSATION

- Supervisory Board members serve without compensation. No form of compensation — direct or indirect — may be paid by the manager or the fund to Supervisory Board members, for any reason.

- The fund may reimburse reasonable, documented expenses incurred by members in attending Supervisory Board meetings — such as travel, lodging, and communications — provided that:

  - Reimbursement criteria and limits are defined in the fund bylaws or approved at an AGC;
  - Total reimbursement per fiscal year does not exceed 0.05% of the fund's average net assets for the period, or the absolute amount of R$ 150,000, whichever is lower; and
  - Reimbursed amounts are itemized in the fund's annual report and disclosed to all LPs.

1.3. CONFLICT OF INTEREST

1.3.1. REGULATORY FRAMEWORK

The manager's handling of conflicts of interest is governed primarily by the following rules, in order of specificity:

1. **CVM Resolution 21/2021, arts. 16 to 18:**

   Sets out the portfolio manager's obligations regarding the identification, handling, and disclosure of conflicts of interest, including specific prohibitions on related-party transactions without prior approval;

2. **CVM Resolution 175/2022:**

   Governs transactions between the fund and parties related to the manager or the administrator, setting AGC approval requirements; and

3. **CPC 05 (R1) — Related Party Disclosures:**

   Accounting standard applicable to the fund's financial statements, setting the identification criteria and minimum disclosure requirements in the notes.

The practices recommended in this chapter complement the regulatory obligations above and seek to raise the standard of conflict management beyond the required minimum.

1.3.2. BROADER DEFINITION OF RELATED PARTY

For purposes of this document, the concept of related party covers, at a minimum, the persons and entities defined in CVM Resolution 21/2021 and CPC 05 (R1), and is broadened to include:

- Relatives of the manager, its partners, and its staff with decision-making authority, up to the 3rd degree, by blood or marriage;
- Spouses, partners, and persons in a stable union with any of the above; and
- Legal entities in which the manager, its partners, or staff with decision-making authority hold a material equity stake, serve as officers, or have significant influence, even indirectly.

For personal ties not captured by the objective criteria above — such as close friendships or informal economic dependence — the management firm's compliance policy should be assessed during fund due diligence.

1.3.3. SEPARATION OF CRITICAL FUNCTIONS

Concentrating management, administration, and custody functions in entities of the same economic group creates structural conditions for decisions influenced by cross-institutional interests, reducing the effectiveness of control and oversight mechanisms.

- Accordingly:
  - CVM Resolution 175/2022 already restricts the accumulation of certain functions within the same economic group, compliance with which is a minimum regulatory obligation; and
  - As an additional best practice, the manager should, whenever operationally feasible, engage an administrator and custodian with no ownership ties to each other or to the management firm, prioritizing the functional independence of control agents.

- Where the concentration of functions is unavoidable or justified on operational or economic grounds, the manager must:
  - Expressly disclose this structure to LPs at fundraising and in the annual financial statements; and
  - Adopt compensating controls documented in the management firm's compliance policy.

1.3.4. PROXY REPRESENTATION

- The manager, its partners, and staff are prohibited from soliciting, inducing, or accepting proxies from LPs to represent them and vote at AGCs of the fund itself.
- This prohibition aims to preserve LPs' decision-making autonomy and prevent the manager, by accumulating proxies, from exerting disproportionate influence over resolutions in which it has a direct or indirect interest — including, without limitation, approval of financial statements, ratification of related-party transactions, and bylaw amendments.

- Exceptions to this prohibition:

  - Representation of LPs that are investment vehicles managed by the manager itself (funds of funds or similar structures), in which case the manager acts in the regular exercise of its management mandate;

  - Representation of clients of managed accounts run by the manager; and

  - Situations where a proxy is required under a specific legal or regulatory mandate.

1.4. KEY TEAM

1.4.1. DEFINITION AND NAMING

The key team (or key persons) is the group of professionals deemed essential to executing the fund's investment strategy. They are the individuals whose experience, market relationships, and decision-making ability led LPs to invest in the fund — and whose departure could materially affect the fund's ability to deliver the expected results.

For this reason, the identification, dedication, and retention of these professionals are central governance matters, with direct implications for the investment period, continuity of management and, ultimately, LPs' confidence in the vehicle.

Key persons must be individuals directly responsible for the fund's investment results, whether or not they are founders.

At least one of the management firm's statutory officers responsible for asset management before the CVM must be part of the key team;

The appointment must be expressly stated in the fund bylaws, identifying key team members by name (not merely a generic reference to their number).

These appointments must be made from the fundraising period, avoiding reference only in side documents such as side letters or commitments.

1.4.2. EXCLUSIVITY AND DEDICATION

Key team members must not act as managers of other funds with substantially equivalent objectives and policies until the fund is at least 75% invested or formally committed to actual investments, excluding reserves for expenses and charges, or until the end of the investment period;

Any change in the time dedicated by key team professionals during the divestment period must be approved at an AGC and suited to the fund's new stage, whether adding value to portfolio companies or planning exit strategies.

Key team members must devote the time reasonably required to carry out the services provided to the fund, i.e., a substantial and predominant share of their professional time to the fund during the investment period.

1.4.3. DEFINITION OF KEY PERSON OR KEY TEAM EVENT

Key team members may carry different weights in the fund's operation. The bylaws should expressly identify which members are deemed 'critical' (e.g., founders, lead investment partners, etc.), for whom the individual occurrence of any of the events below constitutes a key person event. For other members, the bylaws may provide a collective trigger (e.g., simultaneous departure of 2 or more).

A key person event occurs when any of the following situations arises in relation to one or more key team members.

- Departure for any reason, including:
  - sale of the entire stake in the management firm;
  - partial sale reducing the member's stake in the management firm below 50% of the original stake, considered by the manager the minimum threshold for alignment of interests;
  - dismissal with or without cause; or

- death or serious illness preventing the performance of duties for more than 90 consecutive days. Not all key team members need carry the same weight; this should be discussed case by case and set out in the bylaws.

- Failure to devote time reasonable and proportional to their responsibilities to the fund, as established by: (i) an independent audit engaged for that purpose at the request of LPs holding at least 5% of subscribed and paid-in interests; or (ii) acknowledgment by the manager in a formal notice to the administrator

- Disqualification or suspension of the member's CVM registration as a portfolio manager, by final decision.

- Final criminal conviction for a willful crime against the financial system, the economic order, public administration, or the capital markets, or for money laundering, corruption, or fraud.

1.4.4. PROCEDURES AND GOVERNANCE UPON A KEY PERSON EVENT

Notice: the manager must notify the administrator in writing within 10 calendar days of the event or of becoming aware of it, whichever occurs first;

Appointment of replacement: the manager must nominate a replacement with equivalent qualifications within 60 days of the event;

AGC approval: the AGC must be called within 10 days of the nomination and vote on the replacement at that same meeting, unless postponed for justified force majeure;

First resubmission: if rejected, the manager may put forward a new name within 30 days, to be submitted to the AGC within 10 days of the new nomination;

Second resubmission via headhunter: if rejected again, the manager may engage an executive search firm to present up to 3 new names within 60 days, to be submitted to the AGC within 10 days of presentation;

Consequences of non-approval: if the AGC rejects all nominations or the deadlines lapse without approval, the bylaws should provide for removal of the manager for cause, with the AGC resolving, by a majority of subscribed and paid-in interests, on the future of the fund, choosing among: (i) replacing the manager and continuing the fund; (ii) early dissolution of the fund; or (iii) converting the fund to liquidation mode, retaining the manager solely to manage the existing portfolio for a reduced management fee to be negotiated.

The total time between the event date and the AGC's final resolution on the consequences above should not exceed 210 calendar days, unless extended by a majority of subscribed and paid-in interests.

1.4.5. CONSEQUENCES OF A KEY PERSON EVENT

The bylaws should provide that a key person event automatically suspends the investment period, as follows:

- **Start of suspension:** for objective, immediately verifiable events (death, registered sale of equity stake, formal dismissal, CVM disqualification, criminal conviction), suspension takes effect automatically on the event date. For events requiring determination (lack of dedication, disputed serious illness), suspension takes effect upon formal acknowledgment by the manager, an independent audit, or an AGC resolution.

- **Restrictions during suspension:**

  - no new investments not approved by the Investment Committee before the event date;

  - no use of recycled capital, NAV financing, or uncalled commitments for new investments, except for the uses authorized below.

Activities preserved during suspension:

- follow-ons in portfolio companies invested in before the event date, up to the limit in that company's investment plan or approved by the Investment Committee before the event;
- portfolio maintenance expenses;
- continued management of the existing portfolio, including monitoring portfolio companies and executing exits already approved.

Reinstatement of the investment period: reinstatement requires two cumulative steps: (i) approval of the key person's replacement; and (ii) a specific AGC resolution, by a majority of subscribed and paid-in interests, reinstating the investment period.

Investment period after reinstatement: the time elapsed under suspension may be added to the investment period and/or the fund term, as set out in the bylaws.

Conversion to permanent suspension: the suspension becomes permanent if no replacement is approved within the deadlines above, or if the AGC does not approve reinstatement of the investment period.

1.4.6. KEY TEAM CHANGES AND APPROVALS

Any change to the key team provisions, including named composition, removal of members, and dedication and exclusivity commitments, must be approved by 2/3 of subscribed and paid-in interests.

The manager, its partners, and related parties must abstain from voting on key team matters, including composition, replacement, compensation, or removal.

The bylaws should expressly define the manager's "related parties" for abstention purposes

1.5. MANAGER DEREGISTRATION, RESIGNATION, AND COMPENSATION

1.5.1. COMPENSATION UPON MANAGER EXIT

Deregistration, resignation, or replacement of the manager follows CVM Resolution 175. As a best practice, the bylaws should expressly address the right to carried interest according to the nature of the exit:

Unjustified voluntary resignation:

full forfeiture of carried interest, including on investments already made, except where the resignation is grounded in a breach of contract by the LPs (LPs using their majority to unilaterally change the essential terms of the manager's mandate, making continuation unreasonable) or in a subsequent regulatory change that makes the activity unviable, in which case removal without cause treatment applies.

Removal for cause:

full forfeiture of carried interest under item 1.5.2.1. below, which may include clawback of carry already distributed.

Removal without cause:

right to carried interest calculated pro rata temporis, in proportion to the time elapsed from the start of management to the effective removal date, applied to the performance actually realized on investments made up to the removal date and paid as and if exits occur.

Deregistration of the manager by CVM:

treated as removal for cause, with full forfeiture of carried interest.

Change of control of the manager rejected by the AGC:

treated as removal for cause, with full forfeiture of carried interest.

1.5.2. REMOVAL OF THE MANAGER

1.5.2.1. REMOVAL FOR CAUSE

Quorum and effects of removal

A majority of subscribed interests is sufficient, in case of cause, to:

- SUSPEND OR TERMINATE THE INVESTMENT PERIOD;
- REMOVE THE MANAGER;
- DISSOLVE THE FUND, IF APPLICABLE.

Cause is established upon a duly proven finding, by **final arbitral award** issued by an arbitral tribunal constituted under the fund bylaws, of:

- Gross negligence, bad faith, fraud, or misconduct in the performance of duties, which are by nature incurable and admit no cure period;
- Curable breach of duties under the bylaws not cured within 30 calendar days of formal notice sent by (i) an LP or group of LPs holding at least 5% of subscribed and paid-in interests or (ii) the fiduciary administrator in the exercise of its duties;

- Material breach of legal or regulatory obligations, as determined: (a) by CVM, through a final decision of the CVM Board in an administrative sanctioning proceeding penalizing the manager for a material violation; or (b) in other forums, through a final arbitral award. A final CVM Board decision penalizing the manager for a material violation is binding for purposes of establishing cause.

- Change of control of the manager, as defined in the bylaws, rejected by the AGC.

Regardless of a final finding of cause, the AGC may, by absolute majority of subscribed interests, resolve on interim measures during the arbitration, including: (i) suspension of the investment period; (ii) suspension of carried interest payments on exits made in the period; (iii) interim removal of the manager and appointment of an interim manager, subject to the replacement rules; (iv) retention of carry distributions in an escrow account, to be released according to the outcome of the arbitration.

In all cases above, except the material breach of legal or regulatory obligations under item (a), cause takes effect upon issuance of the final arbitral award, regardless of any action to set aside the award filed in court. Any such action filed by the manager does not automatically stay the effects of cause, unless a court grants injunctive relief to the contrary.

In addition, a key team event without valid replacement, under the rules set out in a specific clause of the bylaws, also constitutes Cause without need for prior arbitration.

Consequences for Carried Interest

Once cause is established, the manager forfeits all right to carried interest, with the following effects:

- Full forfeiture of carry already accrued but not yet distributed;
- Full forfeiture of future carry on investments made by the fund, including those made before removal;

Treatment of the GP Commitment

- Upon removal for cause, the manager retains ownership of its interests and their economic rights, but any special governance rights attached to those interests by virtue of its manager status (e.g., special class, right to appoint committee members, vetoes, or qualified votes) automatically convert into ordinary rights, and the former manager holds the interests on equal terms with the other LPs.
- A former manager removed for cause may, but is not required to, sell its interests to the successor manager or the other LPs at fair market value determined by an independent appraiser.

1.5.2.2. REMOVAL WITHOUT CAUSE

Quorum

Removal of the manager without cause or dissolution of the fund absent a breach of contract must be approved by at least 2/3 of subscribed interests.

A majority of subscribed interests is sufficient to appoint the liquidator responsible for winding down the fund if the manager has not been replaced.

Consequences for Carried Interest

- A manager removed without cause is entitled to carried interest calculated pro rata temporis, in proportion to the time elapsed from the start of management to the effective removal date relative to the total fund term. Pro rata carry is calculated on the performance actually realized on investments made up to the removal date and paid to the removed manager only when and if those investments are actually exited.
- Investments made after removal generate carry exclusively for the successor manager.

Transition management fee

A manager removed without cause is entitled to the management fee until the formal completion of the handover to the successor manager, up to a maximum of 6 (six) months from the date of the AGC removal resolution.

Treatment of the GP commitment

- Upon removal without cause, the manager retains ownership of its interests in the fund (GP commitment), with all associated economic rights. Any special governance rights attached to those interests by virtue of its manager status automatically convert into ordinary rights on the effective removal date, and the former manager holds the interests on equal terms with the other LPs for governance purposes.
- A former manager removed without cause may sell its interests to the successor manager or the other LPs at fair market value determined by an independent appraiser.

1.6. INVESTMENT STRATEGY

1.6.1. ALIGNMENT WITH THE STRATEGY SET AT FUNDRAISING

- All investments made must be consistent with the strategy presented during the fund's fundraising period.

- The decision to invest, especially in blind pools, rests on prior trust in the stated thesis — material changes to the investment strategy must be approved in advance by the AGC. Examples of material changes to the investment strategy include:

change of core sector

(e.g., a technology fund starting to invest in energy);

change of stage

(e.g., a venture capital fund starting to do buyouts);

change of geography

(e.g., a 100% Brazil fund allocating a significant share abroad);

change of instrument

(e.g., an equity fund starting to do debt in significant volume).

1.6.2. TIME DIVERSIFICATION AND SPREAD OF CAPITAL CALLS

Investments should not all be concentrated in a single year, so as to preserve diversification across market cycles.

Committed capital should be called in a spread-out, consistent manner over the investment period, avoiding excessive concentration and exposure to a single macroeconomic moment.

1.6.3. CLEAR DESCRIPTION OF STRATEGY AND TARGET ASSETS

- The Manager must specifically describe the fund's target assets in the bylaws or, at a minimum, in supplementary materials.

- If the detailed strategy is not in the bylaws, the Manager must set out in marketing materials and institutional documents:
  - type of asset or security (e.g., equity, debt, hybrid);
  - size of target companies;
  - priority sectors;
  - investment check sizes;
  - geographic regions of operation.

- Any change affecting these parameters, where set out in the bylaws or their annexes, constitutes a bylaw amendment and requires AGC approval under art. 70, V of CVM Resolution 175 (bylaw amendment), together with art. 22 of Normative Annex IV (minimum quorum of half of subscribed interests).

1.7. ALLOCATION LIMITS

1.7.1. TRANSPARENCY AND COMMUNICATION

Allocation limits by asset, issuer, sector, or strategy must be detailed and clearly communicated to LPs from the fundraising period onward, enabling investors to understand the concentration risks involved.

Structural limits (concentration per individual asset/issuer and per economic group) must be set out in the Fund bylaws.

Indicative allocation parameters (by sector, geography, stage) may be set out in disclosure documents to LPs.

1.7.2. DEFINITION OF MAXIMUM CONCENTRATION

- Maximum concentration per asset or economic group may vary with the fund's strategy, but must always be objectively defined.
- Changes to concentration limits constitute a bylaw amendment and require AGC approval.

1.7.3. CROSS-COLLATERAL AND EXPOSURE CALCULATION

- Cross-collateralization occurs when one portfolio asset secures an obligation assumed by another asset in the same portfolio (for example, when shares of a healthy portfolio company are pledged as collateral for a loan taken by another, distressed portfolio company).
- While legitimate in specific situations (corporate reorganizations among portfolio companies, coordinated financing transactions, short-term bridges), cross-collateralization carries material risks that warrant attention: amplified concentration, contagion among portfolio companies, and potential conflicts of interest.
- Given these risks, guarantees, sureties, or other forms of indirect exposure among portfolio assets are permissible but should be used with caution, as a matter of good governance.
- When used, the amount of the guarantee or indirect exposure must be added to the exposure of the guarantor asset for purposes of calculating compliance with the concentration limits in the bylaws, and such guarantees, sureties, avals, and other forms of indirect exposure must be reported to LPs at least semiannually.

1.8. CO-INVESTMENTS

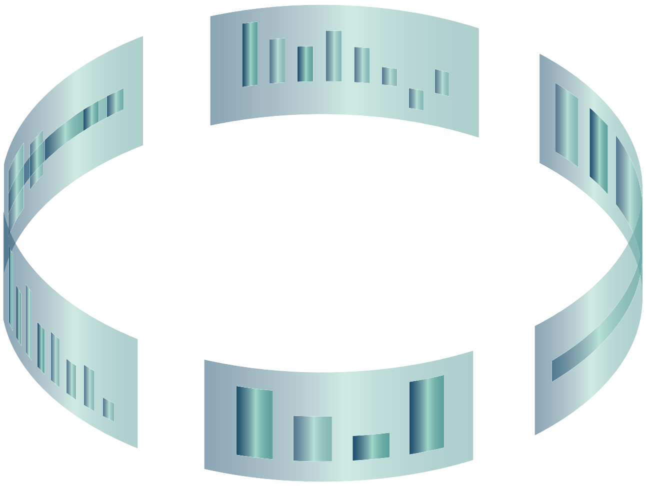
Co-investment is the structure whereby the portion of an investment opportunity fitting the fund's strategy that exceeds the fund's own capacity or allocation limits is offered to selected investors — LPs or third parties — through a dedicated vehicle, directly, via a specific SPV, or another structure suited to the deal, under the manager's management or coordination. The fund always has priority in the allocation of opportunities fitting its strategy; co-investment is, by definition, the excess the fund cannot or should not fully absorb.

1.8.1. FUND PRIORITY IN ALLOCATION (WHEN CO-INVESTMENT IS PERMISSIBLE)

- A co-investment tranche in a parallel structure is permissible only when the opportunity exceeds a fund priority rule, in any of the following cases:

  - The amount to be invested in the deal exceeds the concentration limit per asset or economic group set in the bylaws;
  - The amount to be invested in the deal exceeds the fund's capital available for new investments (considering uncalled committed capital, available recycled capital, and reserves for follow-ons already approved), or
  - When, although the opportunity fits within the fund, its size calls for diversification – the deal amount exceeds 2/3 of the per-asset concentration limit or 50% of the fund's capital available for new investments, provided the limits in the bylaws are respected.

- In the permissive cases, creating a co-investment tranche is optional and requires a specific justification from the manager showing the benefit to the fund (e.g., preserving diversification, keeping capacity for future opportunities, etc.).



1.8.2. DISCLOSURE AND GOVERNANCE

- The manager must set out, in the PPM (Private Placement Memorandum) and the bylaws, a predefined, transparent framework for allocating opportunities, interests, and expenses between the fund and co-investors.
- This framework may allow for manager discretion, provided the criteria are objective and verifiable. The manager's discretion in allocating co-investments may not override the fund priority rule.
- The manager may charge management fees and carried interest in the co-investment vehicle for services rendered; for main fund LPs who are also investors in the co-investment vehicle, these fees should be lower than those charged in the main fund.

1.8.3. PREFERENTIAL ACCESS AND BALANCE OF INTERESTS

- The manager may extend co-investment opportunities to any LPs or third parties as it sees fit, subject to conflict of interest policies.
- It is common practice in private equity and venture capital to grant, through side letters or in the fund bylaws themselves, preferential co-investment rights to LPs based on the size of their commitment to the main fund. To preserve transparency and fairness among LPs, whenever co-investment rights are granted through side letters, the manager should:
  - Keep a formal record of all side letters addressing co-investment rights, available to LPs upon request; and
  - Include an MFN (Most Favored Nation) clause ensuring LPs of equivalent size the right to elect more favorable terms granted to other LPs with similar or smaller commitments.

1.8.4. CONFLICTS OF INTEREST AND RESTRICTIONS

The co-investment rules in this section must be set out in the fund bylaws or the PPM. The manager must document the allocation decisions made in each co-investment deal sufficiently for ex post verification, while avoiding excessive rigidity that would limit its ability to assess opportunities case by case.

1.9. FUNDRAISING PERIOD

1.9.1. FIRST CLOSING AND FAIRNESS AMONG INVESTORS

- The first closing is the milestone at which the fund closes its first fundraising round and begins operating — that is, it actually starts making investments with the capital committed by the LPs who joined in that first round. After the first closing, new LPs may still join in subsequent closings, until the fundraising period fully ends. This model is established international practice in private equity and venture capital funds and is increasingly adopted in Brazil, especially in funds with a more institutional profile. The rationale is that the manager need not wait for the full raise to begin investing, allowing it to seize relevant market opportunities.

- The first closing should represent a meaningful amount relative to the fund's total target, ideally between 50% and 2/3 of total target capital, so as to ensure the fund's operational viability from the outset and avoid economic or strategic imbalances between first-closing and later-closing LPs.

- If the first closing does not reach a minimum of 25% of target, the manager should submit the continuation of fundraising to the initial LPs, who may opt to have their commitments returned.

1.9.2. DURATION OF THE FUNDRAISING PERIOD

- The fundraising period should be limited to 12 months (recommended) from the first closing, extendable once for up to 6 additional months (for a maximum of 18 months), except for exceptions justified by the manager and approved by the LPs.
- Any extension of the fundraising period should consider the maturity of the investment strategy and preserve alignment among LPs of different closings.

1.9.3. ENTRY FEE AND UNIT PRICE (PU) ADJUSTMENT

To ensure equitable treatment of LPs across closings, LPs joining the fund after the first closing should be subject to an equalization mechanism, which may take the form of (i) an entry fee paid into the fund, or (ii) adjustment of the entry Unit Price (PU) by an index predefined in the bylaws, preferably the fund's hurdle rate.

The chosen mechanism must be set out in the bylaws and applied uniformly throughout the fundraising period.

Regardless of the mechanism adopted, subsequent capital calls must be made at the PU originally paid by each LP at its respective closing, without unfair dilution of first-closing LPs.

1.10. INVESTMENT PERIOD

1.10.1. DEFINITION AND FIT WITH STRATEGY

THE INVESTMENT PERIOD IS THE WINDOW DURING WHICH THE FUND IS AUTHORIZED TO:

- Make new investments;
- Make follow-ons (additional investments in existing assets);
- Use committed capital and/or recycled proceeds.

The fund term covers:

The fund's entire life cycle, including:

- FUNDRAISING
- INVESTMENT PERIOD
- DIVESTMENT PERIOD WIND-DOWN AND LIQUIDATION

The investment period must be consistent with the fund's nature and specific strategy.

As a market reference, the "4+1" model is recommended:

4 initial years to make investments;

1 additional year of extension, subject to AGC approval and contractual terms.

The term may, however, be adjusted to the strategy, notably in cases such as:

- Buy & Build (theses with multiple acquisitions and integrations over time);
- Strategies with long execution cycles, regulatory dependency, or complex structuring processes.

1.10.2. CRITERIA FOR RECOGNIZING INVESTED CAPITAL

- Capital is recognized as "invested" only upon actual execution, evidenced by a signed binding agreement (a document creating an irrevocable legal obligation to close the deal, subject only to conditions precedent), direct acquisition of assets, or actual disbursement by the fund. A mere commitment to future investments must not be counted as invested capital.
- At the end of the investment period, capital committed to pipeline deals but not yet disbursed does not count as invested, except for any reserves for follow-ons and completion of investments already contractually under way, as provided in the fund bylaws.

1.11. DIVESTMENT PERIOD

1.11.1. FUND TERM VERSUS INVESTMENT PERIOD

After the investment period ends, the fund enters the divestment period, in which:

- New investments in assets not previously held by the fund are, as a rule, prohibited; exceptions, where provided in the bylaws, are capped at 15% of committed capital.
- Additional investments in existing portfolio companies are allowed up to the limit set in the bylaws, using paid-in or committed capital for that purpose, for ordinary fund expenses, and to complete deals contractually signed before the end of the investment period;
- Management focus shifts to monetizing and selling the remaining assets.

1.12. FUND TERM

1.12.1. ALIGNMENT WITH THE FUND'S ASSETS

- The fund term must reflect the nature, maturity, and liquidity horizon of the target assets.
- It must not be arbitrary, but derived from the expected economic life of the investments, also allowing time for fundraising, deployment of capital, maturing of theses, and orderly execution of exits.
- The bylaws should provide for the possibility of extending the fund term.

1.12.2. MARKET REFERENCES BY STRATEGY

As a reference, the most common market terms are:

Private Equity: 8 to 10 years + up to 2 years of extension (8/10+2);

Infrastructure: 10 to 15 years + up to 2 years of extension (10/15+2);

Seed/Venture Capital: 10 years + up to 2 years of extension (10+2);

Special Situations / Distressed: 6 to 8 years + up to 2 years of extension (6/8+2);

depending on the structure.

These references must, however, be adapted to each fund, particularly in strategies with longer maturation periods, such as:

Infrastructure:

May require longer terms, due to construction, ramp-up, and stable cash generation;

Forestry assets (Timberland):

May require 20 years or more, due to the biological and productive cycle of the assets.

- Further extensions beyond the above references are allowed upon AGC approval by a majority of subscribed interests, notably when needed to exit remaining assets while avoiding forced sales on unfavorable terms.

1.13. CAPITAL RECYCLING

1.13.1. DEFINITION

- Capital recycling means the fund's reinvestment of exit proceeds, which may be retained in cash before any distribution to LPs, or distributed and later recalled through a new capital call, provided the bylaws expressly authorize it.

- Recycling lets the fund extend its investment capacity beyond the capital originally committed — but in return it delays LP liquidity and increases LPs' exposure to fund risk. It is therefore a matter that requires clear rules and objective limits.

1.13.2. LIMITS

The total amount of distributions subject to recycling (i.e., reinvestment by the fund) must observe:

- A contractual limit agreed in advance with LPs. As a market reference, the bylaws should cap recycled capital at 20% of original committed capital.

- Ongoing monitoring by the manager, providing cash visibility and predictability.

- Recycled or reinvested capital must not be added to the base for calculating management and administration fees — i.e., recycling may not have the effect of raising the manager's or administrator's compensation beyond that originally set on committed capital.

- Reinvestments above the contractual limit must be treated as exceptions and be subject to prior approval by the LPs or the Supervisory Board, as provided in the bylaws.

- This limit aims to:
  - keep capital allocation and return of capital predictable for LPs;
  - avoid excessive, uncontrolled extension of the portfolio's effective life;
  - ensure active management remains disciplined and in line with the fund's mandate.

1.13.3. CRITERIA FOR SETTING THE LIMIT

The recycling limit should consider:

- The fund's investment strategy (e.g., buy & build, asset restructuring, credit);
- The manager's track record of prudent, disciplined use of recycled capital;
- The assets' risk level, average holding period, and need for follow-ons (additional investments in existing portfolio companies); and
- Preserving the time diversification of investments

1.13.4. EXPIRATION AND CLASSIFICATION OF DISTRIBUTIONS ELIGIBLE FOR RECYCLING

- Recycling provisions must expire at the end of the Investment Period.

- The bylaws must clearly specify:
  - Which distributions are eligible for recycling;
  - The proper classification of reinvestable and non-reinvestable distributions;
  - The maximum period to exercise recycling after the event giving rise to the reinvestable distribution, so capital is not left "suspended" indefinitely between distribution and reinvestment.

1.13.5. RECYCLING REPORTING

The manager must report to LPs, at least quarterly:

- Total amount recycled in the period and cumulatively since inception;
- Percentage of the contractual recycling limit used;
- Nature of the recycled distributions (fit with the bylaws' criteria);
- Identification of new investments made with recycled capital.

1.14. LIMITED LIABILITY

- LP liability must be limited to the capital committed to the fund, as provided in the applicable CVM regulations.

- To ensure consistency and legal certainty:
  - The expression **"Responsabilidade Limitada"** (Limited Liability) must expressly appear in the fund/class name;
  - All fund documents must reflect this limitation clearly and uniformly;
  - The manager may not make capital calls that, together with prior calls, exceed each LP's total commitment, unless expressly provided in the bylaws and approved in advance by the affected LP.

1.15. AUDIT

1.15.1. FISCAL YEAR AND AUDIT COMPATIBILITY

- The fund's fiscal year should end between December (aligned with the fiscal year of most institutional LPs and portfolio companies) and February, in line with market best practices.

- The manager must ensure the portfolio companies' audit schedule is compatible with the fund's audit completion deadline, so as to avoid qualified opinions or disclaimers in the consolidated report. Where the portfolio includes companies whose audits are not completed on time, the manager must inform LPs and the fund's auditor in advance of the scope limitations and the measures taken.

1.15.2. VALUATION REPORTS

- Valuation reports must be issued at least annually, following a market-recognized methodology.
- The reports must be reviewed by the fund's independent auditor as part of the annual audit process.
- An additional report is recommended whenever a material event may significantly affect the value of fund assets, such as: a new priced funding round at the portfolio company, a liquidity event, material deterioration of its financial condition, or corporate restructuring.

1.15.3. REPORTING OF MATERIAL EVENTS TO THE CVM

Any material information about the fund or its portfolio companies reported to the CVM must also be disclosed to LPs in a timely manner, ensuring broad disclosure and transparency, under CVM Resolution 175.

1.15.4. PORTFOLIO COMPANY FINANCIAL INFORMATION

- The manager must arrange for portfolio company financial information to be sent at least quarterly, including at a minimum leverage and liquidity indicators, trends in key operating metrics (revenue, EBITDA, cash generation), and an update on growth strategy and exit prospects
- Scope and level of detail must be aligned with what was previously agreed with the fund's LPs.

1.16. ESG

ESG guidelines set out in the bylaws must be observed throughout the fund term. ESG or IS funds must meet the specific rules set by ANBIMA.

As a best practice, each manager should formalize its ESG policy before the fund's first closing and make it available to LPs during fundraising. The policy should reflect the fund's strategy and risk profile, and may vary widely across managers and strategies — the aim here is not to set a single standard, but to encourage an ESG commitment that is explicit and verifiable from the outset.

The ESG policy must address, at a minimum: sector exclusion criteria, the ESG assessment process in due diligence, and post-investment monitoring.

1.17. GUARANTEES / SURETIES

1.17.1. TRANSPARENCY AND GOVERNANCE

- Guarantees granted by the fund may take various forms, with differing degrees of formalization but equivalent economic exposure:

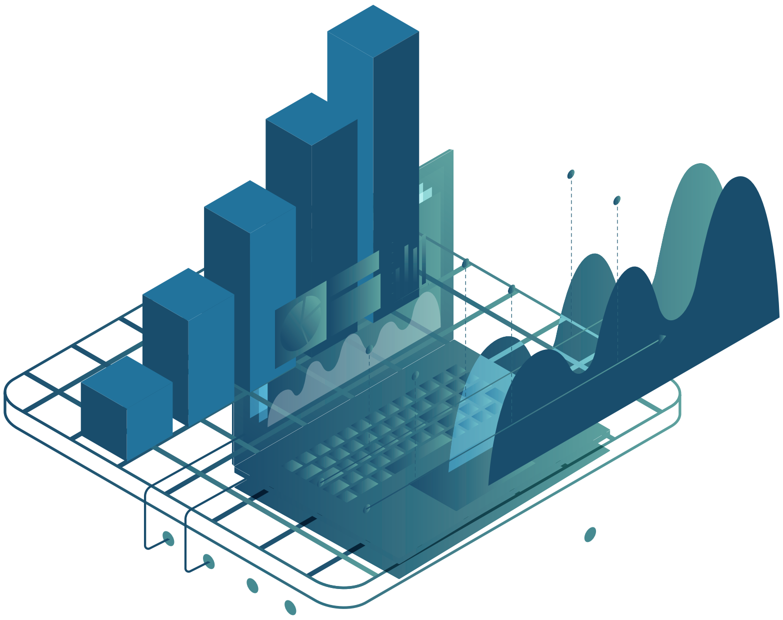
Direct guarantees:

The fund is the formal guarantor of the obligation (for example, providing a guarantee (fiança) or an aval in respect of a portfolio company’s loan from a financial institution);

Indirect guarantees:

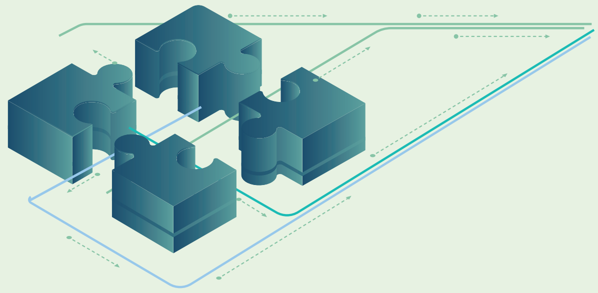
The fund is not a formal guarantor but assumes equivalent economic exposure through other mechanisms, such as: (i) instructing another portfolio company to pledge its assets as security for a third party's obligation; (ii) fiduciary assignment of the fund's rights in the portfolio company (e.g., dividend rights, right to sell shares); (iii) a commitment to inject additional capital into the company if needed to meet an obligation to a creditor (equity commitment letter); or (iv) comfort letters creating an expectation of economic support by the fund.

- The fund may grant guarantees only where expressly authorized in its bylaws, subject to the conditions, limits, requirements, and procedures set out therein.
- Regardless of legal form, all such arrangements represent a contingent risk to the fund and must be treated with the same rigor for governance, accounting, and reporting purposes.
- LPs must be notified in a timely and clear manner of any guarantee granted, with details of the transaction, the risk assumed, and the expected benefits.
- The transaction must be documented and justified, with a formal record of the manager's risk analysis.



1.17.2. INCLUSION IN EXPOSURE LIMITS

Any guarantee granted must be included in calculating the single-asset exposure limits set in the fund bylaws, including total potential exposure (direct and indirect guarantees) to the beneficiary asset, even if the guarantee has not been called.



The bylaws should set an aggregate limit on the total guarantees, suretyships, and avals granted by the fund, expressed as a percentage of committed capital.

1.18. FUND FINANCE – SUBSCRIPTION LINES OF CREDIT AND NAV FINANCING

1.18.1. DEFINITION

- This section covers two forms of leverage used by private equity and venture capital funds.
- Subscription lines of credit are loans taken by the fund from financial institutions, secured by LPs' uncalled capital commitments. In practice, the fund borrows from the bank to make investments before calling capital from LPs — and then uses the capital call to repay the bank.
- The instrument offers legitimate operational benefits: faster execution of investments (without waiting out the capital call notice period), fewer capital calls to LPs, and optimized fund cash flow. In return, it generates financing costs (interest, fees) and may distort performance metrics (notably IRR), since it delays the point at which LPs actually fund capital.
- NAV financing consists of credit lines secured by the value of portfolio assets, typically used in the Divestment Period. Specific rules are detailed below.

1.18.2. TRANSPARENCY AND CONTRACTUAL PROVISIONS

- The fund bylaws must clearly and transparently address whether leverage may be used, particularly in the form of subscription lines of credit. As a market reference, such facilities typically range between 15% and 25% of committed capital, with the bylaws setting the limit applicable to the fund. In any case, total borrowing under subscription lines must not exceed uncalled committed capital.

- Each drawdown under the credit line should be repaid through a capital call to LPs within no more than 6 months, avoiding prolonged leverage that distorts the fund's performance metrics.

- Quarterly and annual reports must include a detailed leverage schedule, disclosing:

  - outstanding commitments;
  - outstanding borrowings under credit lines;
  - key terms of the transactions entered into.

1.18.3. IMPACT ON PERFORMANCE METRICS

Using credit lines delays the point at which LPs fund capital, which may artificially inflate IRR (Internal Rate of Return) — since IRR is sensitive to the timing of cash flows. LPs must therefore receive performance reports presenting metrics both with and without the effect of credit lines.

At least the following metrics must be presented under both scenarios:

A **IRR** (Internal Rate of Return);

B **TVPI** (Total Value to Paid-In Capital);

C **MOIC** (Multiple on Invested Capital);

D **DPI** (Distributions to Paid-In Capital);

- This presentation allows LPs to compare vintage-year-adjusted performance and performance relative to similar funds, free of distortions caused by short-term leverage.
- Using credit entails additional costs (interest, arrangement fees, commissions, etc.), which must be explicitly disclosed to LPs in the quarterly reports.

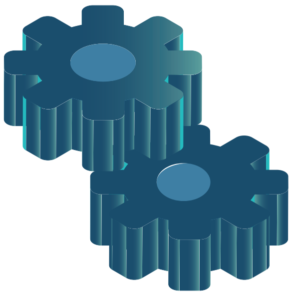
1.18.4. NAV FINANCING

- NAV financing consists of credit lines taken by the fund secured by the value of portfolio assets (Net Asset Value), rather than by LPs' uncalled capital commitments. It is typically used in the Divestment Period, when commitments have been substantially called and there is no longer collateral for subscription lines.
- The most common uses of NAV financing include: funding early distributions to LPs, additional investments in existing portfolio companies, and funding the fund's operating expenses during liquidation.
- Because it involves leverage on the fund's net assets (rather than on LP commitments), NAV financing carries specific risks:
  - if portfolio assets lose value, the fund may be required to post additional collateral to the lender or sell assets on unfavorable terms to service the facility;

  - financing costs directly reduce the amount available for distribution to LPs;
  - the structure may give the manager an incentive to hold assets longer, delaying exits to preserve the facility's collateral base.

- The bylaws must expressly state whether the fund may use NAV financing and, if so, observe the following recommendations:
  - a maximum NAV financing leverage limit, expressed as a percentage of the fund's net asset value, to be set in the bylaws;
  - prior AGC approval for any NAV financing exceeding a material percentage of net asset value (submission is recommended from 25% - per transaction or on the total NAV financing outstanding);
  - quarterly reporting to LPs with the same transparency requirements as for subscription lines;
  - presentation of performance metrics with and without the effect of NAV financing;
  - a prohibition on using NAV financing to pay management, administration, or performance fees to the manager, unless expressly approved by the AGC.

1.19. ALTERNATIVE OR PARALLEL VEHICLES



1.19.1. DEFINITION

Parallel vehicles:

structures that invest side by side with the main fund, in the same assets, on the same terms and pro rata to each vehicle's committed capital, with practically identical terms. They are typically set up to accommodate investors from different jurisdictions or regulatory frameworks.

Alternative vehicles:

structures set up to accommodate the specific needs of certain investors (tax, regulatory, or operational) that may differ structurally from the main fund but invest in the same assets. Differences in terms must be limited to what is strictly necessary to serve the vehicle's specific purpose.

1.19.2. JOINT GOVERNANCE

Alternative or parallel vehicles must be managed by the manager or an affiliate and have documents that mirror, as a priority, the same terms and provisions as the original fund.

The Governance Agreement between the main fund and the alternative or parallel vehicles must set out, at a minimum:

- joint investment and exit rules, pro rata to each vehicle's committed capital and on simultaneous terms, with exceptions allowed only for proven legal, tax, or regulatory reasons;
- proportional sharing of expenses and charges, with no allocation of the structuring costs of parallel or alternative vehicles to the main fund;
- joint governance for resolutions affecting all vehicles (e.g., strategy changes, removal of the manager, term extensions);
- a mechanism for resolving conflicts between vehicles.

1.19.3. EQUITABLE TREATMENT AMONG VEHICLES

- The manager must treat all vehicles equitably. Investment results of any alternative or parallel vehicles must be aggregated with those of the main fund for purposes of calculating distributions and performance, unless otherwise required for tax, legal, or regulatory reasons.
- The manager may not allocate investment opportunities disproportionately among vehicles, except due to proven regulatory or capacity constraints.

1.20. CROSS-FUND INVESTMENTS

(INVESTMENTS BETWEEN FUNDS OF THE SAME MANAGER)

1.20.1. DEFINITION

Cross-fund investments occur when a fund managed by a given manager invests in an asset that belongs, or belonged, to another fund of the same manager — whether through a direct transfer of the asset or a new investment round in the same company.

These transactions create material conflicts of interest because the manager sits on both sides of the deal: selling for the old fund and buying for the new one, or setting a price and terms that affect the LPs of both vehicles.

As a governance guideline, managers should, wherever possible, avoid direct asset transfers between funds under their management, which constitute a conflict of interest.

1.20.2. TRANSFER OF ASSETS TO SUCCESSOR FUNDS

In exceptional cases of asset transfers between a fund and its successor fund:

- The transfer must be made at fair market value, set by an independent appraiser unaffiliated with the manager, on arm's length terms.
  A competitive, transparent process to validate the price is also recommended where feasible and compatible with the asset's contractual limits.

- The transfer does not constitute a realization event for carried interest purposes. The right to carried interest on the transferred asset arises only upon an actual exit to an independent third party, and the bylaws must define how carry is allocated between the originating fund and the successor fund, in proportion to the asset's holding period in each vehicle.

- The transaction must be approved in advance by the AGC of each fund involved (seller and buyer), each by a two-thirds majority of its subscribed and paid-in quotas, with the manager and its related parties barred from voting on such resolutions.

- Where assets are transferred to a continuation fund formed specifically to receive them from the originating fund, the transfer may qualify as a realization event for carried interest purposes, provided that: (i) the price is set by independent appraisers or a competitive process with potential independent buyers; (ii) the AGC approves the transaction; and (iii) LPs who elect not to roll into the continuation fund are afforded effective liquidity.

1.20.3. INVESTING IN ASSETS ALREADY HELD BY PRIOR FUNDS

- If the new fund intends to invest in assets already held by prior funds of the same manager (e.g., follow-ons, restructurings, new investment rounds), this intent must be clearly disclosed during fundraising, in the PPM and the fund's marketing materials, and notified to the LPs of the funds with reasonable advance notice, stating the terms of the transaction, the existing conflict, and the pricing methodology. Pricing must be based on an independent valuation report, prepared by an appraiser unaffiliated with the manager, and on verifiable market conditions.

- This transaction may be subject to governance rules that mitigate potential conflicts (e.g., approval by the Supervisory Board or the AGC).

02.

LP RELATIONS

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LP RELATIONS

The industry's success depends on transparency in disclosing and presenting the information that supports monitoring and decision-making. This principle must be balanced against the importance, recognized by investors, of keeping information received from managers and administrators confidential.

Accordingly, managers and administrators must make available to investors all material information regarding the fund and its portfolio companies, subject to the limits imposed by applicable regulation and to any confidentiality undertakings in place.

In addition, administrative procedures and the relationship between the parties involved must follow clear procedures and seek a balance between responsibilities and rights.

2.1. CAPITAL CALLS

2.1.1. EQUALIZATION AMONG LPs

- Capital calls must be made pro rata to committed capital, ensuring equalization among LPs.

- Distortions or schedules that favor certain investors over others during the life of the fund should be avoided.

- Capital calls must also cover payment of the management fee, administration fee, and other recurring fund expenses, so that the manager does not use the entire amount called to make investments in portfolio assets.

2.2. ISSUANCES AND AUTHORIZED CAPITAL

2.2.1. USE OF AUTHORIZED CAPITAL AND RISK DISCLOSURE

The fund may provide for authorized capital in its bylaws, but it is recommended that:

- Authorized capital be used within 6 (six) months after the close of the first issuance of interests, so the manager does not keep issuance capacity open indefinitely — which may create uncertainty for existing LPs as to dilution of their stake and hinder the fund's allocation planning;
- During this period, original LPs have no preemptive rights;
- Any extension occur only once, for a further 6 (six) months, provided it is approved by the AGC.

The fund bylaws must contain clear provisions in the Risk Factors chapter, highlighting:

- the potential dilution of LPs' holdings;
- the risks of issuing additional interests without preemptive rights;
- the possible loss of influence or representation of original investors in the fund.

2.3. OFFERINGS

2.3.1. OFFERING SIZE AND COST

The manager must be judicious and realistic in sizing offerings, avoiding registering a volume significantly above what it actually intends to raise.

Offering costs must be proportional and efficient, and it is recommended that they not exceed 1% of the total actually raised. Given the inspection fee rate for public offerings, this cap already leaves adequate room for additional expenses (legal, distribution, audit, and other costs).

2.4. LIQUIDATION

2.4.1. CAUSES OF LIQUIDATION

The Class may be liquidated upon:

- Early resolution at an AGC;
- Expiration of the fund term set in the bylaws;
- Failure to approve a successor manager upon removal and/or an unresolved key person event;
- CVM determination or regulatory requirement; or
- Other cases provided in the bylaws.

2.4.2. LIQUIDATION PROCEDURES

The liquidation process will be conducted by the administrator, who must:

01. Liquidate all financial investments of the class, as instructed by the manager;

02. Pay the class's expenses and amortize interests, up to the limit of available funds;

03. Dispose of remaining investments in target assets, per the manager's guidelines.

There must be no preference, priority, or subordination of any kind among LPs in the distribution of proceeds, unless the bylaws expressly provide for classes of interests with different payment rights, in which case the order of preference must be followed as set out in the bylaws.

2.4.3. CASH SHORTFALL AND IN-KIND DISTRIBUTION

If available funds are insufficient to fully redeem all interests, the manager must adopt liquidation strategies that maximize the total value recovered for LPs:

- Sell assets tradable on a stock exchange or organized OTC market; and/or

- Sell non-tradable assets through private transactions, actively seeking buyers within a reasonable period.

- Liquidation must be completed within the maximum period set in the bylaws, ideally within 24 months of the liquidation resolution or the end of the fund term. Extensions must be approved by the AGC, with the manager's justification regarding remaining assets and the disposal methodology.
- During liquidation, the management and administration fees should be reduced in proportion to the remaining net asset value, accruing only on assets not yet liquidated.
- In-kind distribution of assets to LPs must be a last resort, used only when reasonable disposal alternatives have been exhausted. With prior AGC approval, assets or rights may be distributed directly in proportion to the interests held by each LP, subject to:

Valuation of the assets by an independent appraiser unaffiliated with the manager, at fair value under applicable regulation (CVM Resolution 175);

Delivery of the valuation report to LPs at least 15 business days before the AGC; and

Distribution procedure defined at an AGC.

2.4.4. FORMING A CO-OWNERSHIP TO DISTRIBUTE ASSETS

If (i) an LP cannot directly hold the assets due to legal or regulatory restrictions; or (ii) LPs do not agree on how to divide the assets, those LPs must form a co-ownership (condomínio), in which:

- Each LP's undivided share will be proportional to its stake in the fund;
- Costs of forming and administering the co-ownership will be borne by the co-owning LPs, pro rata to their undivided shares, and not by the fund;
- Once the co-ownership is formed and the assets are actually transferred to the co-owners, the fund's administrator will be released from its responsibilities to the relevant class of quotas with respect to the transferred assets;
- LPs will be notified to elect a co-ownership administrator, under art. 1.323 of the Brazilian Civil Code;
- If no formal election occurs within 30 days of notice, the role will fall to the LP holding the most outstanding interests, unless it expressly declines, in which case the co-owners must appoint a professional administrator, whose costs will be shared pro rata. If the omission persists, any co-owner may petition the courts to appoint an administrator under art. 1.323 of the Civil Code.

2.5. LP DEFAULT

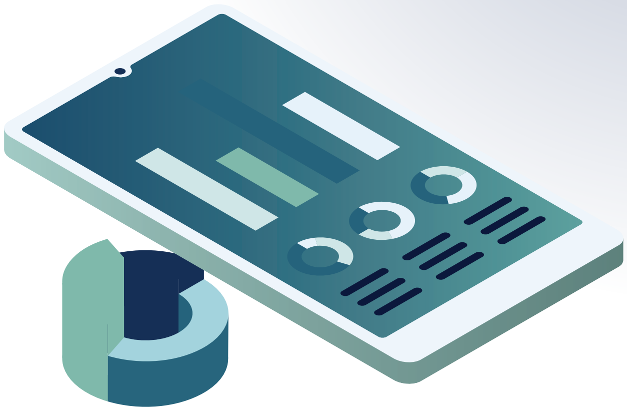
2.5.1. DEFAULT CURE PERIODS AND CHARGES

- If an LP fails to fund, in whole or in part, the amounts due under a capital call:
- The defaulting LP will be notified by the administrator and will have 5 (five) business days to cure the default.
- If the default is not cured within this period, the unpaid amount will be increased by:

(a) Non-compensatory penalty of **2%** on the unpaid amount;

(b) IPCA inflation adjustment plus interest of **15% per year**, calculated pro rata temporis from the due date; and

(c) Collection costs (including attorneys' fees and court costs).



2.5.2. ADMINISTRATOR REMEDIES

In case of an uncured default, the bylaws may authorize the administrator to take, separately or cumulatively, the following measures, escalating with the severity and persistence of the default and subject to the cure period set in the bylaws:

- Suspension of the defaulting LP's voting rights;
- Penalties and charges provided in the bylaws;
- Deduction of the unpaid amount, plus charges, from any distributions due to the defaulting LP until the obligation is fully settled;

- Commencement of out-of-court or judicial collection of unpaid amounts, including penalties, charges, court costs, and attorneys' fees;
- Borrowing in the class's name to cover the default, limited to the unpaid amount, using the defaulting LP’s defaulted quotas/fund units as collateral, including the future receivables from those quotas; the loan interest and charges shall be allocated to the defaulting LP;
- Suspension of the defaulting LP's economic rights until the obligation is fully met or the fund is liquidated, whichever occurs first;
- Calling an AGC, if no cash is available, to approve a new pro rata capital call among the other LPs, limited to the remaining uncalled capital commitments.
- Reduction or cancellation of the defaulting LP's commitment. If cancelled, the manager may offer it to existing LPs (with pro rata preemptive rights) or to qualified third parties, based on a fair value appraisal of the rights by an independent appraiser.

2.6. CASH COMPLIANCE

2.6.1. ALLOCATION OF CASH

- The fund's cash portion must be allocated exclusively to assets with low credit and market risk, such as federal government bonds, repos backed by government bonds, daily-liquidity fixed-income funds with high credit ratings, or bank deposits at top-tier institutions.

- The fund's cash portion must comply with the limits set in CVM Resolution 175 and serves solely to meet the fund's operational and immediate liquidity needs, such as receiving capital contributions in response to capital calls, paying ordinary expenses, and making distributions to LPs.

- Excessive allocation to cash instruments may compromise the fund's main objective of generating returns and must therefore be justified by the manager, be temporary, and be communicated to LPs if it exceeds the levels set in the bylaws or market practice.

2.7. DERIVATIVES

2.7.1. REGULATORY COMPLIANCE

Managers must closely observe the limits on the use of derivatives under local regulations, including rules on leverage, net exposure, and permitted instruments.

Derivatives in FIPs must be used exclusively or predominantly for hedging, with speculative use prohibited or restricted unless expressly provided for in the bylaws and fundraising materials.

Ongoing updates and regulatory compliance are recommended, especially for structured funds subject to CVM Resolution 175 and supplementary rules.

2.7.2. TRANSPARENT COMMUNICATION WITH LPs

Whenever derivatives may be used — with or without leverage — managers must clearly disclose these practices in fundraising materials and institutional documents (such as the PPM and bylaws), and detail the purposes of derivative use, such as hedging, synthetic exposure, arbitrage, or otherwise.

2.7.3. ONGOING DISCLOSURE

During the life of the fund, the manager must keep LPs informed of:

- Actual use of derivatives, including their nature and the exposure created;
- Any material changes in strategy involving derivatives or increasing the level of leverage;
- The effects of derivatives on portfolio risk and performance.

Periodic reports must present, at a minimum: (i) open derivative positions at period-end; (ii) notional and mark-to-market value of each position; (iii) cumulative financial result from derivatives in the period; and (iv) the fund's net exposure after the effect of derivatives.

2.7.4. INDIRECT DERIVATIVES

If the fund invests in underlying vehicles (target funds) that use derivatives, the manager must:

- Expressly inform LPs of this indirect exposure;
- Assess and communicate how this use affects the main fund's consolidated risk;
- Include this information in both periodic reports and due diligence and governance documents.

Where indirect derivative exposure through underlying vehicles represents a material share of the fund's risk (above 10% of NAV is the recommended reference), the manager must include it in the consolidated risk and leverage calculation reported to LPs.

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03.

ALIGNMENT OF INTERESTS – *COSTS*

3 ALIGNMENT OF INTERESTS *– COSTS*

The long-term nature of venture capital and private equity funds calls for a thorough assessment of the alignment between managers and investors. This alignment should come from a healthy combination of the following elements: the manager's financial commitment, carried interest, management fee, team dedication, and fund term.

For the best alignment between managers and investors, managers' financial returns should come mainly from carried interest, the value added to portfolio assets, and the return on their own investment in the fund.

The manager's commitment of its own capital to the fund is also one of the main mechanisms for aligning the parties' interests, since in the event of failure managers also share in the losses with their own capital as investors in the fund.

The preferred return (hurdle rate)—that is, the return level above which the manager begins to receive carried interest—must be consistent with the asset class and should also serve as an alignment tool between managers and investors.

For the best alignment between the parties, a distribution model is recommended in which all invested capital, plus the preferred return (hurdle rate), is distributed to LPs before any carried interest is paid to the manager.

3.1. EXPENSES

3.1.1. PRINCIPLES OF REASONABLENESS AND TRANSPARENCY

- Expenses must be reasonable, proportional to the fund, and preferably itemized in capital calls. Expenses not provided for in the bylaws may not be charged to the fund without prior AGC approval.
- Expense allocation should be reviewed periodically by the independent auditors.

3.1.2. EXPENSES COVERED BY THE MANAGEMENT FEE

- The management fee must fully cover the ordinary expenses of the manager's administrative and operational structure, including, without limitation:
  - Salaries, charges, and benefits of the manager's team;
  - Rent, infrastructure, and technology for the manager's office;
  - Team travel for sourcing and monitoring investments;
  - Management, compliance, and internal control systems;
  - Any other expenses of a similar nature relating to the organization, maintenance, operation, or development of the Manager's activities, such as team training and professional development;
- These expenses may not be passed on to the fund, even if labeled as "fund expenses" in the manager's internal documents.

3.1.3. SPECIALIZED ADVISOR FEES

- Advisors hired by the manager to act on behalf of the fund may have their costs borne by the fund, provided (i) they are independent professionals with no ownership or employment ties to the manager and (ii) the engagement relates directly to a specific fund investment or exit transaction.

- If the advisor is affiliated with the manager, this must be expressly disclosed to LPs in advance and the amounts paid must be fully offset against the management fee.

- Where specific LPs request the engagement of advisors (e.g., legal analysis in a given jurisdiction), the costs must be borne solely by the requesting LPs.

3.1.4. DUE DILIGENCE COSTS (INCLUDING ESG)

- Legal, tax, accounting, or ESG due diligence costs may be borne by the fund, provided they (i) relate to the analysis of potential investment or exit assets, (ii) are incurred with independent third parties with no ownership or employment ties to the manager, and (iii) fall within the expense limits set in the bylaws, considering the fund's size.

- The bylaws should set a maximum due diligence spend per transaction (e.g., up to X% of the investment amount) and an aggregate annual cap, as a control reference.

- Due diligence costs for transactions not completed (broken deal costs) are legitimate fund expenses, provided the transaction was pursued in good faith and the costs are reasonable and documented.

3.1.5. PLACEMENT AGENT FEES

1

Placement agents are specialized professionals or firms hired by the manager to help raise capital for the fund from investors. In practice, they act as commercial intermediaries: they identify prospective LPs, arrange meetings, present the fundraising materials, and facilitate the subscription process.

2

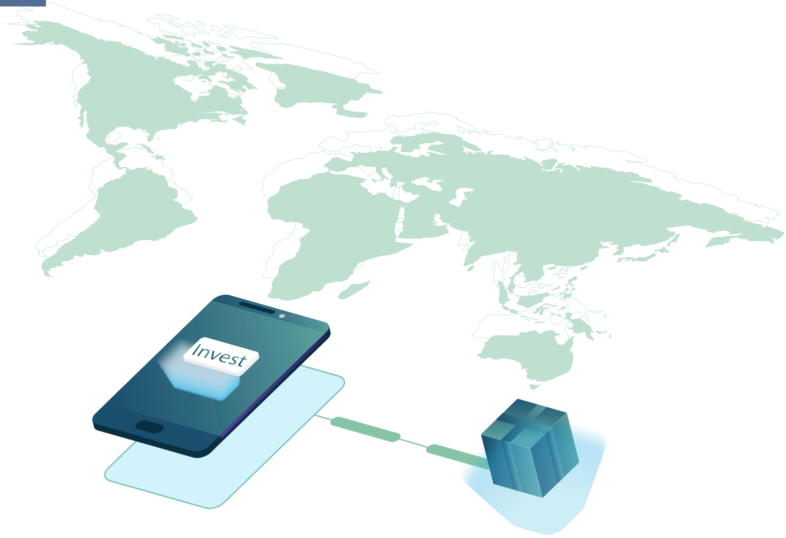
Placement agent compensation is typically a percentage of the capital committed by the investors it brought into the fund (e.g., 1% to 2% of the capital raised through it), and may also include a fixed component (retainer).

3

The economic arrangement between the manager and its placement agents must be fully disclosed in institutional and fundraising materials, clearly setting out the compensation, the nature of the service, and any ties to the manager or related parties.

4

The fund bylaws must state whether placement agent fees are borne by the manager (deducted from the management fee) or by the fund (as a distribution expense). Placement agent costs should be borne by the manager, as fundraising expenses are inherent to the manager's business.



3.1.6. OPERATING PARTNERS AND CONSULTANTS

It is common practice in private equity and venture capital for managers to rely on specialized professionals who work directly with portfolio companies to accelerate value creation across the portfolio. These professionals may take different forms:

- Growth consultants (e.g., specialists in commercial expansion, new market entry, internationalization);
- Digital transformation specialists (e.g., process automation, data strategy);
- Corporate governance professionals (e.g., board structuring, compliance, internal controls);
- Sector specialists (e.g., engineers for infrastructure funds, agronomists for agribusiness funds, physicians for healthcare funds);
- Interim CFOs or controllers (e.g., building the finance function of early-stage companies);
- Headhunters to recruit key executives for portfolio companies.

- These professionals may be presented as part of the manager's team in fundraising materials, which is legitimate as long as their role and compensation are transparent.

- When these professionals are paid directly by the portfolio companies (rather than by the manager), the manager must:

  - Expressly disclose to LPs the existence, terms, and amounts of such arrangements;

  - Ensure that any amounts paid by portfolio companies to partners or consultants affiliated with the manager or related parties are fully offset against the management fee, avoiding double compensation.

- Likewise, any amounts received by the manager, its partners, or related parties directly from portfolio companies — for monitoring, consulting, transaction advisory, paid board seats, or any other service — must be fully offset against the fund's management fee. The existence and terms of such arrangements must be disclosed to LPs in the periodic reports.

3.1.7. UNEXPECTED EXPENSES

Any exceptional expenses, or expenses not provided for in the fund bylaws, that are passed on to the fund must be duly justified and subject to prior approval at an LP meeting (AGC).

3.1.8. ORDINARY EXPENSES ATTRIBUTABLE TO THE FUND

- CVM Resolution 175 (Normative Annex IV) requires the fund bylaws to set limits for several expense categories, without, however, fixing the amounts of those limits. Categories that must have limits expressly set in the bylaws include:

  - Limits on expenses inherent to the formation, merger, absorption, spin-off, conversion, or liquidation of the share class (art. 9, XIII);
  - Costs of holding committee or board meetings, within limits set in the bylaws (art. 28, V);
  - Engagement of third parties for legal, tax, accounting, and specialized consulting services, within limits set by the bylaws (art. 28, VI).

- As a best practice, the fund bylaws should include an overall cap on fund expenses (excluding management fee and carried interest) expressed as a percentage of committed capital.

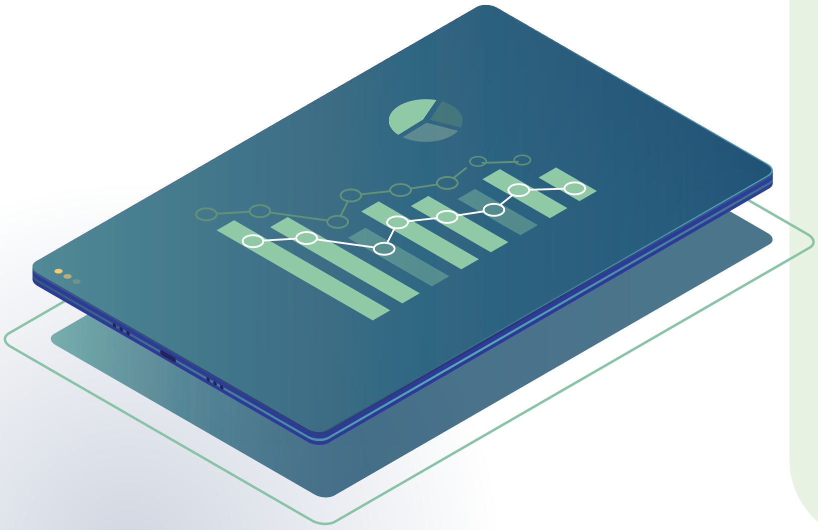
- As a market reference, this cap usually ranges from 0.5% to 1.5% of committed capital per year. Both are recommended: (i) an annual cap, for recurring control; and (ii) an aggregate cap over the fund term, to protect the fund's assets over the vehicle's life cycle.

3.1.9. AGCS AND INVESTOR MEETINGS

The fund should bear the costs of holding LP meetings and investor meetings, such as venue rental, materials, and logistics. Meetings of a purely promotional nature or for raising successor funds are not fund expenses and must be paid for by the manager.

3.1.10. THIRD-PARTY ADMINISTRATION

Only when the manager engages an outsourced fund administrator may its costs be allocated to the fund. The manager's in-house administrative services (back office, controlling, compliance) are ordinary expenses covered by the management fee and cannot be passed on to the fund.



3.1.11. TRAVEL

- Institutional, fundraising, or networking travel must be paid by the manager out of the management fee.
- Travel related to investment or exit transactions at an advanced stage (from the signing of a binding term sheet or equivalent) may be borne by the fund as part of transaction costs.
- The travel policy must be available to LPs and address, for example, the use of private aircraft or entertainment expenses.

3.1.12. INTEREST EXPENSES AND FEES

Costs of credit facilities used for the fund's benefit (including subscription lines and NAV financing) are expenses attributable to the fund itself, including interest, commissions, and structuring fees.

3.1.13. AUDITS

Fund expenses include: periodic audits of the financial statements, audits required by regulators, and valuation reports, provided they are performed by engaged independent auditors.

3.1.14. LEGAL EXPENSES

Third-party legal expenses exclusively related to fund matters may be charged to the fund. Legal expenses related to the manager's own matters (e.g., corporate restructuring, labor litigation, CVM administrative proceedings against the manager) may never be allocated to the fund.

3.1.15. INDEMNITIES, INSURANCE, LITIGATION

Insurance on assets and any uncovered losses are the fund's responsibility, except where they result from willful misconduct, gross negligence, or bad faith of the manager, the administrator, or their service providers, in which case liability rests personally with the party causing the damage.
International best practice recommends that Directors and Officers Liability Insurance (D&O) be treated as a manager expense, covered by the management fee.

However, a relevant share of the Brazilian market fairly commonly allocates the cost of D&O to the fund, since the decisions covered by the policy are made in the LPs' interest and stem directly from the management activity. It is therefore recommended that the bylaws expressly provide for allocating D&O to the fund, with a clear and consistent method for apportioning the premium among funds.

3.1.16. REGULATORY EXPENSES

The manager's regulatory obligations (e.g., maintaining its CVM registration, the manager's compliance, corporate filings) must be covered by the management fee;

Fund-specific regulatory expenses (e.g., offering registration fees, CVM supervision fees, etc.) may be allocated to the fund.

3.1.17. ORGANIZATIONAL COSTS

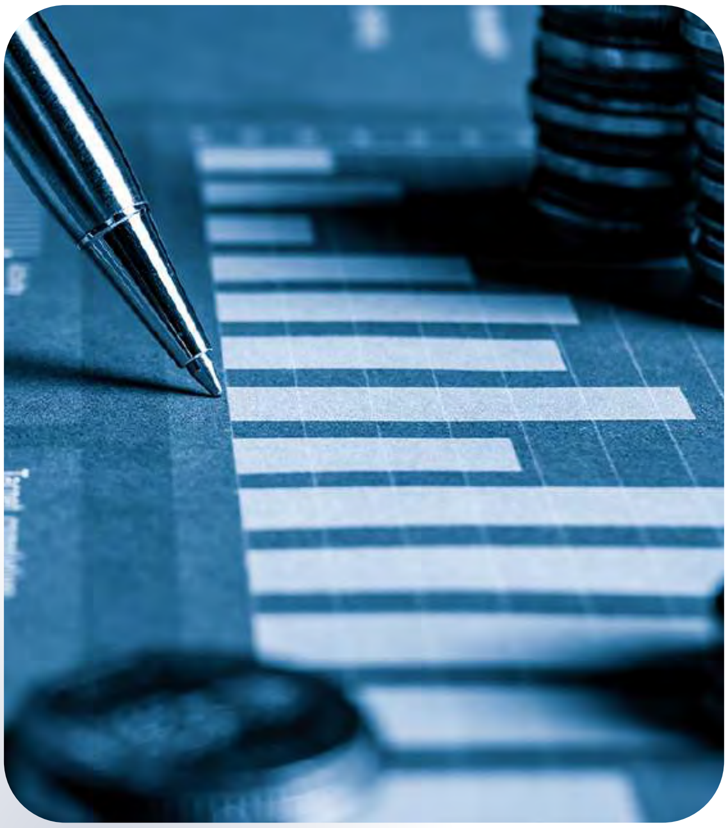
- Organizational costs must be limited and in keeping with the size of the fund.
- In successor funds, any increase in organizational costs versus the prior fund must be justified to LPs, detailing the specific reasons (e.g., adapting to new regulatory requirements, engaging additional services not used in the prior fund, etc.).
- Costs specific to parallel or alternative vehicles (co-investments, parallel vehicles, etc.) must be borne entirely by those vehicles, not by the main fund.

3.1.18. FEES INVOLVING MANAGER AFFILIATES AND AGC APPROVAL

Any fees charged to the fund or to portfolio companies that are generated by manager affiliates (e.g., in-house consulting, management services, administrative services):

01. Must be submitted for AGC approval by a majority of subscribed and paid-in interests.

02. Must be fully offset against the management fee and disclosed to LPs, ensuring transparency to investors.



3.1.19. FEES CHARGED TO PORTFOLIO COMPANIES

No fees should be charged to portfolio companies, including for board participation, when they are motivated by the mere fact that the manager is invested in the company.

Where fees are legitimately charged to portfolio companies (e.g., specialized consulting services actually rendered, advisory on specific transactions):

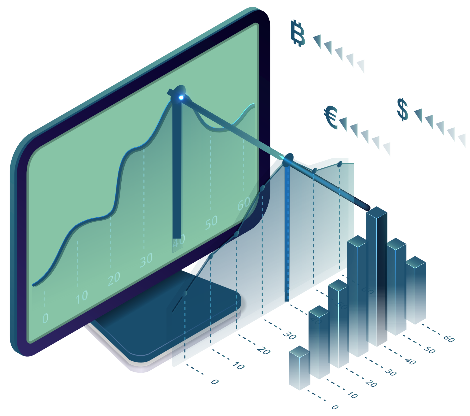
- the amounts must be fully offset against the management fee; and

- the manager must disclose to LPs, in the periodic reports, the nature of the service, the amount charged, and the offset applied.

3.1.20. OBJECTIONABLE PRACTICES

Practices such as those described below are considered serious conflicts of interest and must be formally prohibited. Where proven, they may constitute cause for removal of the manager.

1. Foreign exchange transactions for portfolio companies on unfavorable terms carried out by entities affiliated with the manager;
2. Engaging service providers affiliated with the manager on above-market terms (e.g., law firms, accounting firms, IT consultancies);
3. Charging consulting fees without prior LP approval;
4. Steering portfolio companies' financial transactions (insurance, financing, cash investments) to financial institutions affiliated with or partnered with the manager, on terms unfavorable to the company;
5. Placing the manager's staff in executive roles at portfolio companies with above-market compensation paid by the company, amounting to indirect compensation of the manager at the portfolio company's expense;
6. Creating parallel vehicles to factor receivables of portfolio companies or their suppliers, on terms advantageous to the manager;
7. Placing portfolio companies in properties owned by the manager and charging above-market rent.



3.1.21. REIMBURSEMENT TO LPS

- If total fees charged to portfolio companies in a given period exceed the management fee due for that period (leaving a balance in the fund's favor), the excess must be distributed to LPs as a reimbursement. Amounts not offset during the life of the fund must be distributed to eligible LPs as a residual reimbursement upon liquidation of the fund.
- The residual reimbursement must be made no later than 90 days after completion of the fund's liquidation.

3.2. MANAGEMENT FEE

3.2.1. CALCULATION BASE BY PERIOD

In FIPs and Structured Funds, the management fee must be calculated:

- On committed capital during the investment period;
- On attributable capital during the divestment period, defined as the amount invested in target assets less exits made over time and significant write-downs (50% reduction in the asset's cost), as determined in a valuation report or in the fund's audited financial statements.

3.2.2. ALIGNMENT WITH OTHER FEES

- It is common for the management fee to be charged on committed capital while the administration fee is charged on net asset value — creating divergent calculation bases that make it hard for LPs to compare total costs. All fees should use the same calculation base.
- Administration, management, and maximum distribution fees must be disclosed separately in the bylaws, under CVM Resolution 175. Alternatively, as allowed by the CVM, these fees may be presented as a consolidated overall fee, provided a summary detailing the compensation of all service providers is available on the manager's website.
- The custody fee must be separate from the administration fee, unless expressly included in the administrator's compensation.

3.2.3. FUND TERM EXTENSION

If the fund term or the investment period is extended, the management fee rate should be reduced or its calculation base changed.

3.2.4. APPROVAL AT THE LP MEETING

- Amendments to the bylaws for this purpose must be substantiated, taking into account the remaining assets and the incentive to liquidate.
- If the manager has already raised a successor fund with a substantially equivalent strategy, the management fee during the extension should be further reduced to reflect the team's partial dedication, so that LPs of the extended fund do not subsidize the operation of the successor fund.
- A management fee may be charged beyond the original term only if approved by an absolute majority of LPs at an AGC.

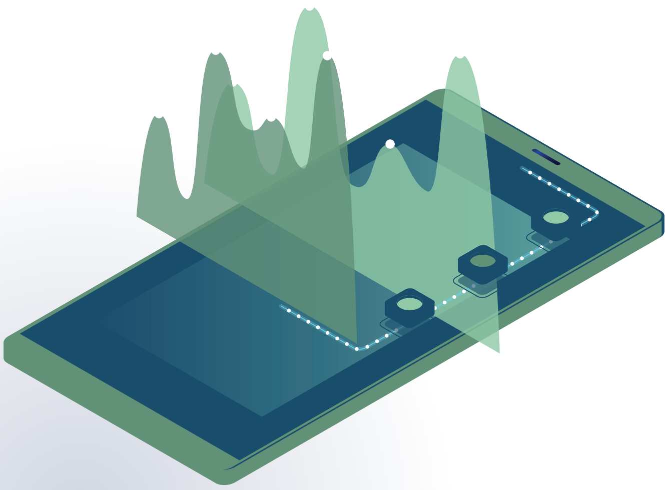
3.3. CARRIED INTEREST

3.3.1. CONDITIONS FOR PAYMENT OF CARRIED INTEREST

- Carried interest should be paid to the manager only after full return of the inflation-adjusted invested capital plus the fund's hurdle.
- Invested capital must be adjusted by:
  - 100% of the IPCA, from the funding date of each installment;
  - Plus an annual spread (hurdle rate %), compounded exponentially (252-business-day basis), as defined in the fund bylaws.
- Until the return distributed to LPs exceeds the adjusted capital, no carried interest should be paid.
- Carried interest must be calculated on net return, not gross return, taking into account all fund expenses (including administration fee and carried interest, in the case of tiered charging).

- During fundraising, managers must provide LPs with a simulation model (preferably a spreadsheet with open formulas) showing the carried interest calculation over the life of the fund. Most of the carried interest should go to the professionals directly responsible for investment decisions and management of the fund's assets, ensuring alignment between economic incentive and accountability for value creation.

- The bylaws must provide a clawback mechanism (return of carry) whereby, at the end of the fund's life, if the total return distributed to LPs is below the adjusted invested capital plus the hurdle rate, the manager must return to LPs any carried interest received in excess of the contracted percentage of net profit actually realized. The bylaws should provide clawback security, such as retaining part of the distributed carry in an escrow account (market reference: 20% to 30% retained).



3.3.2. CATCH-UP

- The bylaws may provide a catch-up mechanism for paying carried interest to the manager. Catch-up is the mechanism whereby, after LPs have received full return of adjusted capital plus the hurdle rate, the manager receives a larger share of subsequent distributions until it "catches up" to the agreed carry percentage of total profit. In other words, it is the period in which the manager "recovers" the carry it forwent while LPs were receiving the preferred return.

  - Example: if the hurdle is IPCA + 8% and carry is 20%, after returning capital + hurdle, the manager receives between 50% and 100% (as applicable) of subsequent distributions until its total share of profit reaches 20%. From then on, the standard split resumes (80% LPs / 20% manager).

- The Catch-Up period (if any) must exclude the IPCA inflation adjustment, to avoid double counting.

- Catch-Up is triggered only once Adjusted Capital has been exceeded, and until accrued carried interest reaches the set percentage of excess net profit.

3.3.3. DEFINITION OF HURDLE AND BENCHMARK

- Using a hurdle is considered good practice to protect the LPs' preferred return. The manager must state the rationale for setting a given hurdle level in the supporting materials - cost of capital.
- The rationale must show that the hurdle rate is consistent with the LPs' opportunity cost and the strategy's risk profile, considering the risk-free rate, illiquidity premium, and asset class risk premium.
- The benchmark reference level must be set according to market conditions prevailing at the time of the fund's formation and the type of product, varying with the risk profile.

MARKET RECOMMENDATIONS FOR BENCHMARKS:

Seed/Venture Capital (VC): IPCA + between 6% and 10% p.a.

Private Equity (PE): IPCA + between 6% and 8% p.a.

Special Situations (debt): CDI + between 2% and p.a.

Special Situations (equity): IPCA + between 6% and p.a.

Infrastructure: IPCA + between 6% and 10% p.a.

3.4. GP COMMITMENT

3.4.1. GP COMMITMENT PERCENTAGE

- The manager's commitment of its own capital to the fund (GP commitment) is an essential alignment-of-interests mechanism. When the fund has EFPC (closed pension fund entities) or RPPS (public-sector pension regimes) as LPs, a minimum GP commitment is required by regulation:

  - EFPC: minimum of 3% of subscribed capital (CMN Resolution 4,994, as amended by CMN Resolution 5,202/2025);
  - RPPS: minimum of 5% of subscribed capital.
  - For funds with no LPs subject to these requirements, a minimum GP commitment of 1% to 2% of committed capital is recommended as best practice, funded in cash and not through a management fee waiver. In smaller funds, the percentage may be higher, since smaller absolute amounts require higher percentages to create effective alignment.

- This percentage may be adjusted based on fund size and the manager's financial capacity, balancing alignment of interests with investors against prudent management of personal financial risk.

- The GP commitment is seen as an instrument of mutual trust between the manager and LPs, but should not represent excessive exposure for the manager.

[2] The figures indicated reflect market conditions and the macroeconomic scenario as of the release date of this guide.

3.4.2. RESTRICTIONS ON CO-INVESTMENT SELECTION

The manager should not be allowed to co-invest only in selected assets or underlying funds, which would amount to privileged access to the best opportunities (cherry-picking) and misalignment with LPs, who are exposed to the portfolio as a whole — including the less attractive investments. The manager's co-investment must therefore be made in the fund as a whole, reflecting full, proportional exposure to the overall portfolio.

The manager's ownership percentage may not be reduced during the life of the fund.

Annual increases in the co-investment stake are permitted, provided they are applied fairly and transparently.

3.5. CLAWBACK MECHANISM

3.5.1. DEFINITION

Clawback is the contractual mechanism whereby the manager must return to the fund carried interest received that, at the end of the fund's life, proves excessive relative to the return actually delivered to LPs. In other words: if the manager received carry "early" based on partial results, and the fund's final result does not justify that payment, it returns the difference.

3.5.2. CLAWBACK IN DEAL-BY-DEAL STRUCTURES

In deal-by-deal structures, carry is calculated and paid on each individual exit. The risk is that early exits may be profitable (generating carry for the manager) while later ones may be poor (generating a loss for the fund as a whole). Without clawback, the manager would have received carry on the good deals without returning anything for the bad ones — keeping a gain out of proportion to the fund's final result.

3.5.3. CLAWBACK IN CATCH-UP STRUCTURES

Even in structures with a catch-up and preferred return, a clawback should be provided for to correct distortions in the carry calculation, including: (i) calculation errors; (ii) retroactive asset valuation adjustments affecting the calculation base; or (iii) distributions to the manager that prove disproportionate to the fund's final result.

3.5.4. REPAYMENT PERIOD

Amounts subject to clawback must be repaid within two years of recognition of the obligation. The obligation is deemed recognized on the date the fund's audited financial statements evidencing the excess carry distributed are approved, or on the date of the fund's final liquidation, whichever occurs first.

3.5.5. CLAWBACK APPLICATION PERIOD

The clawback obligation survives the fund’s termination, covering the asset liquidation period and the final distribution to LPs, and personally binds the partners of the manager who received the carry, in proportion to their individual receipts.

3.5.6. CLAWBACK AND TAX TREATMENT

1

From an LP-protection standpoint, best practice would be to calculate the clawback gross of tax. However, this approach is hard to implement in practice: the manager would have to repay amounts already paid as income tax and not recoverable from the tax authorities, creating an obligation greater than the amount actually received.

2

As a balanced solution, the amount to be repaid by the manager as clawback should be the lesser of: (i) the excess carry calculated on a gross (pre-tax) basis; and (ii) the total carry actually received by the manager, net of taxes demonstrably paid.

3

This mechanism ensures LPs receive the full undue excess without requiring the manager to repay more than it actually pocketed.

4

The bylaws must expressly specify the clawback calculation methodology, including tax treatment, avoiding ambiguity that could lead to litigation at the end of the fund. The clawback calculation must treat the LPs' preferred return (hurdle rate) as a floor, ensuring the manager retains carry only on profits that actually exceed indexed capital plus the hurdle.

04.

ADDITIONAL INFORMATION

4 ADDITIONAL INFORMATION

4.1. CONFIDENTIALITY AND USE OF INFORMATION

- The relationship between managers and LPs presupposes a continuous flow of sensitive information on the portfolio, portfolio companies, and fund strategy. This flow, essential to transparency, creates reciprocal obligations: the manager must disclose; the LP must protect.

- The fund bylaws or subscription documents should include an express confidentiality clause establishing that information received by LPs by virtue of their participation in the fund:

May not be used for purposes other than monitoring the investment;
May not be shared with third parties without the manager's prior authorization, except where required by law or regulation;
Must be handled under the same internal controls applicable to material non-public information, under CVM Resolution 44/2021 and the institutional LPs' own information policies.

- The confidentiality obligation should survive the end of the LP's participation in the fund for a reasonable period set in the bylaws — a minimum of 2 years after the fund's total divestment is recommended.

- LPs that are institutional investors with other market holdings should adopt specific controls to segregate information received from the fund from the institution's other investment activities, avoiding conflicts with insider trading prohibitions.

- The manager should keep a formal record of sensitive information shared with LPs, identifying recipients, dates, and content, to allow traceability in the event of a regulatory investigation.

05.

GLOSSARY

GLOSSARY

Arm's length — Term describing transactions between independent parties on market terms, free of influence from corporate, family, or economic ties between the parties.

Blind pool — Fund structure in which LPs commit capital without prior knowledge of the specific assets to be acquired, relying on the investment thesis and the manager's ability to source and select opportunities over the investment period.

Broken deal costs — Costs incurred in due diligence or negotiation of transactions that were not completed. They are legitimate fund expenses when the deal was pursued in good faith and the costs are reasonable and documented.

Buy & Build — Investment strategy in which the fund acquires a platform company and makes add-on acquisitions for inorganic growth, progressively integrating the acquired businesses.

Catch-up — Mechanism whereby, after LPs have received full return of indexed capital plus the hurdle rate, the manager receives a larger share of subsequent distributions until it reaches the agreed carry percentage of total fund profits.

Clawback — Contractual mechanism requiring the manager to return to the fund carried interest received that, at the end of the fund's life, proves excessive relative to the return actually delivered to LPs.

Co-investment — Structure whereby the portion of an investment opportunity exceeding the main fund's capacity or allocation limits is offered to selected investors through a separate vehicle managed or coordinated by the manager.

Continuation Fund — Investment vehicle formed by the manager at the end of an existing fund's life to receive one or more mature portfolio assets not yet ready for exit. It offers LPs of the original fund two options: (i) liquidity — sale of their stake in the asset at the value determined in the transfer process; or (ii) continuity — rolling into the new vehicle, keeping exposure to the asset for an additional period.

Deal-by-deal — Carried interest calculation and payment structure in which carry is determined individually on each exit, rather than on the fund's consolidated result at the end of its life.

DPI (Distributions to Paid-in Capital) — Performance metric measuring total distributions to LPs relative to paid-in capital. It indicates return already realized and distributed and is considered the most conservative indicator of a fund's actual liquidity.

Key persons (Key team) — Group of professionals deemed essential to executing the fund's investment strategy, whose identification, dedication, and retention are central governance topics.

Escrow — Account or holding structure administered by an independent third party, used to hold amounts subject to conditions or disputes, to be released upon satisfaction of the condition or resolution of the dispute.

First closing — The fund's first close, the milestone at which the first fundraising round ends and the fund begins operating, able to invest the capital committed by the LPs admitted in that first round.

Follow-on — Additional investment by the fund in a company already in its portfolio, to support the portfolio company's growth, participate in new rounds, or avoid dilution of the fund's stake.

FIP (Fundo de Investimento em Participações) — Type of investment fund regulated by CVM Resolution 175/2022 (Normative Annex IV), intended for acquiring equity interests in companies, and the main vehicle used by the Private Equity and Venture Capital industry in Brazil.

GP (General Partner) — Fund manager, responsible for investment decisions and active management of the portfolio. In the Brazilian context, the CVM-licensed fund manager.

GP Commitment — The manager's commitment of its own capital to the fund as an LP, an essential mechanism for aligning interests with the other investors.

Greenfield — Project or asset under development or construction, with no operating history yet. Typically associated with higher risk and higher return potential compared to operating assets (brownfield).

Brownfield — Existing project or asset already in operation, with a cash generation track record. Typically associated with lower risk compared to greenfield projects.

Hurdle rate — Minimum rate of return the fund must distribute to LPs before the manager is entitled to carried interest. Also called the preferred return or minimum preferred return.

IPCA — Índice Nacional de Preços ao Consumidor Amplo, Brazil's main official inflation index, often used to index the hurdle rate in Brazilian private equity and venture capital funds.

LP (Limited Partner) — Fund investor that commits capital without taking part in active management. In the Brazilian context, the FIP's quotaholders (cotistas).

LPA (Limited Partnership Agreement) — Document governing the relationship between the manager and the fund's LPs, equivalent to the fund bylaws in the Brazilian context.

MOIC (Multiple on Invested Capital) — Performance metric measuring the fund's total return (realized and unrealized) relative to invested capital, expressed as a multiple. It does not account for time.

MFN (Most Favored Nation) — Contractual clause granting a given LP the right to elect more favorable terms granted to other LPs with an equal or larger commitment amount, ensuring no LP is treated less favorably than others with an equal or larger commitment to the fund.

NAV (Net Asset Value) — The fund's net asset value, calculated as the sum of the market or fair value of all assets less liabilities. Reference base for NAV financing.

NAV Financing — Credit facility taken by the fund secured by the value of the portfolio assets.

Fundraising period — Period during which the fund is authorized to accept capital commitments from new LPs, comprising the first closing and subsequent closings.

Divestment period — Phase of the fund's life cycle following the end of the investment period, in which the fund focuses on monetizing and selling portfolio assets.

Investment period — Period during which the fund is authorized to make new investments and follow-ons and to use committed capital and/or recycled proceeds. See section 1.10.

Placement agent — Specialized professional or firm engaged by the manager to assist in raising capital from investors, acting as a commercial intermediary in the subscription process.

PPM (Private Placement Memorandum) — Private offering document describing in detail the fund's strategy, investment terms, risks, and material information about the manager, used in fundraising from qualified investors.

Recycling of capital — Reinvestment by the fund of proceeds already distributed to LPs or of capital returned from investments made, expanding investment capacity beyond the capital originally committed.

RVPI (Residual Value to Paid-in Capital) — Performance metric measuring the portfolio's unrealized residual value relative to paid-in capital. It indicates return still "on paper," not yet distributed to LPs.

Side letter — Bilateral agreement between the manager and a specific LP, supplementing the fund bylaws, providing differentiated terms of participation — such as additional information rights, co-investment preferences, etc.

Subsequent closing — Closings after the first closing, through which new LPs join the fund during the fundraising period, subject to equalization mechanisms vis-à-vis first-closing LPs.

Subscription line of credit — Credit facility taken by the fund from financial institutions, secured by LPs' uncalled capital commitments.

IRR (Internal Rate of Return) — Performance metric measuring the fund's annualized return, taking into account the timing of cash flows.

TVPI (Total Value to Paid-In Capital) — Performance metric measuring the fund's total value — realized distributions plus residual portfolio value — relative to paid-in capital. Combines DPI and RVPI.

Vintage — Year in which the fund began its investment activities, used as a reference for comparing performance across funds of the same vintage and strategy.

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