PAI quantitative disclosure

Fund	Incofin CVSO
Reporting Period	FY 2022

Summary

Incofin CVSO considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Incofin CVSO, covering the reference period of 1 January 2022 to 31 December 2022.

The table below includes the mandatory indicators defined by the SFDR as well as two additional indicators. For each of these indicators, we have included information to describe the actions that we have taken and actions that we plan to take to avoid or reduce the principal adverse impacts identified.

Profile of portfolio companies

Incofin CVSO invests in Financial Institutions (FIs) contributing to the social and/or economic development of vulnerable populations in emerging countries. These financial services providers can have different legal forms, such as: regulated microfinance institutions, (e.g., non-bank financial institutions, microfinance banks), unregulated microfinance institutions (e.g., microfinance NGOs), credit unions, small business banks, investment vehicles (e.g., holdings and wholesale facilities aimed at financial services for the bottom-of-the-pyramid populations), companies specializing in other inclusive financial services (e.g., agricultural finance, education finance, MSME finance, affordable housing finance, leasing & equipment/machinery finance, payment and savings services, micro-insurance, etc.).

Margin of error with our methodologies

The methodology to identify PAI is always subject to data availability and quality. We are reliant on the quality of data received from the investee companies and third-party data providers. It is important to note that PAIs are challenging to collect from non-EU Financial Institutions ("FIs"). Since the regulatory and industry standardization around the methodologies and tools used to perform PAIs assessment is evolving and in order to serve the spirit of the regulation in determining the impact of FIs, efforts are being made amongst the impact investing community, portfolio companies, and/or data providers, as the case may be, to calculate or estimate the exposure of the FI's underlying portfolio for the following PAIs. Despite the reservation raised above, some FIs might be in position to report on the following PAIs as presented on a case-by-case basis. Data reported by investee companies is prioritized, however, where reported data is not available or of inadequate quality, we use proxy data provided by third-party data providers or publicly available open sources.

PAI Indicators	Metrics (as per regulation)	Values* (weighted to EUR exposure)	Units	Explanation**	Actions taken, and actions planned and targets set for the next reference period
Scope 1 GHG emissions	Scope 1 GHG emissions	806.61	tCO^2e	N/A	**Actions taken**: The mission of Incofin CVSO is to invest in entities contributing to the social, environmental and/or economic development of vulnerable populations in emerging countries. However, reducing GHG emissions is not one of the targets of Incofin cvso, and therefore, GHG has not been tracked. Furthermore, our portfolio companies do not have data on GHG emissions. In the few cases where it is tracked, methodologies vary and are not comparable. **Data source**: To comply with the SFDR regulation, the Fund sourced proxy data on GHG from the Impact Institute to estimate the GHG emissions of its investments and to calculate PAI 1, 2 and 3. The data from the proxy provider is based on their Global Impact Database which combines multiple leading global social, environmental and economic datasets including GTAP, Exiobase, Eora, SHDB and ILOstat. The proxies are calculated from a top down approach covering the full global economy and allowing the Fund to cover data gaps for an unlimited number of companies, such as: Non-listed companies, SMEs, Non-reporting listed companies and Emerging market companies. The inputs provided by the Fund to the proxy provider have followed the guidelines issued by the Proxy Provider. The model selected uses the best available databases and was developed by industry experts, but estimating GHG emissions still includes a considerable amount of assumptions which limit their precision. For PAI 2, "enterprise value" is calculated as total equity plus debt minus cash on hand for FIs and total assets for agricultural companies. For PAI 3, "total sales" is calculated as gross interest income for FIs and total sales for agriculture companies. **Actions for next reference period**: Incofin CVSO, through its investment advisor Incofin IM, is working in partnership with the impact investors of the SPTF (Social Performance Task Force) to develop a standard methodology to efficiently calculate or estimate the GHG at the FI level as well as at the FI's underlying portfolio. Lessons will be drawn from this first round of PAI data collection for the consideration of standards and benchmarks.
Scope 2 GHG emissions	Scope 2 GHG emissions	4,345.16	tCO^2e	N/A	
Scope 3 GHG emissions	Scope 3 GHG emissions	24,862.83	tCO^2e	N/A	
1. Total GHG emissions	Total GHG emissions	30,014.60	tCO^2e	N/A	
2. Carbon footprint	Carbon footprint: Total GHG by enterprise value	155.60	tCO^2e / million	N/A	
3. GHG intensity of investee companies	GHG intensity of investee companies: Total GHG by total sales of enterprise	318.35	tCO^2e / million	N/A	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.004	% of investments (weighted)	N/A	**Actions taken**: Incofin CVSO does not directly invest in companies active in the fossil fuel sector. Direct activities of our FI companies are not in the exploration, mining, extraction, production, processing, storage, refining or distribution in the fossil fuel sector, and thus, they do not derive direct revenues from the fossil fuel sector. Indirectly, a few investees do have exposure to the fossil fuel sector in their underlying portfolio. **Data source**: Based on the investees' self-reported data on loan portfolio breakdown, the following activities were tagged as fossil fuel sector: 1) extraction of crude petroleum and natural gas; 2) manufacture of coke and refined petroleum products; and 3) other mining activities/raw materials extractions. Only 5 investees of Incofin CVSO have some exposure to fossil fuel activities; however, it remains marginal, representing less than 0.3% of their gross loan portfolio in each case. The Fund's exposure to the fossil fuel sector is therefore negligible, standing at only 0.004% of the Fund's total investments. **Actions for next reference period**: There are no specific actions or targets set to address PAI 4.

PAI Indicators	Metrics (as per regulation)	Values* (weighted to EUR exposure)	Units	Explanation**	Actions taken, and actions planned and targets set for the next reference period
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	45.91	% Non-renewable/ Total electricity (weighted)	N/A	**Actions taken:** Incofin CVSO does not have a mandate to reduce the use of non-renewable energy in its portfolio companies. **Data source:** FIs are drawing energy from the national grid. Thus, the data reported is retrieved from the national energy mix sourced from Our World in Data, which is based on BP Statistical Review of World Energy and Ember. **Actions for next reference period:** There are no specific actions or targets set to address PAI 5.
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.00	GWH / million EUR (weighted)	N/A	**Actions taken:** Incofin CVSO does not have a mandate to reduce energy consumption intensity in its portfolio companies. Furthermore, FIs do not classify as 'high impact climate sector' given their direct activities in the financial industry and the value for this PAI is 0. The SFDR regulations define high impact climate sectors as the following: Agriculture, forestry and fishing; Mining and quarrying; Manufacturing; Electricity, gas, steam and air conditioning supply; Water supply: sewerage, waste management and remediation activities; Construction; Wholesale and retail trade: repair of motor vehicles and motorcycles; Transportation and storage; and Real estate activities. **Data source:** Based on the investees' self-reported data on loan portfolio breakdown, 97% of FI investees have some exposure to high impact climate sectors. The exposure is most commonly in agriculture, forestry and fishing (of which growing of crops and animal production are the main activities), representing 22% on average of their loan book. Wholesale and retail trade (mainly trade and services excluding motor vehicles and motorcycles) makes up 19% of loan book on average, while exposure to other high impact sectors is marginal at less than 6%. **Actions for next reference period:** Incofin CVSO, through its investment advisor Incofin IM, is working in partnership with the impact investors of the SPTF (Social Performance Task Force) to develop a methodology to efficiently calculate or estimate the energy consumption intensity of the high intensity components of the FIs' underlying portfolio.
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.00	% of investments (weighted)	N/A	**Actions taken:** Incofin CVSO commits to take potential negative effects on biodiversity into consideration in its investment decisions. In 2021, Incofin IM signed the Finance for Biodiversity Pledge, which is calling for ambitious action on biodiversity in the financial sector. As a committed signatory, we are assessing how to make our commitment to biodiversity protection more tangible. **Data source:** It is important to note that at the FI portfolio company level, direct impact on biodiversity-sensitive areas is negligible given that the direct activities are financial services operations. Thus, the value for this PAI is 0. While the direct impact of our FI investees is likely negligible, we have tried to analyze the risk further. Based on self-reported data from the investees, 7 (or 20%) of the portfolio companies have branches or points of sales near biodiversity-sensitive areas (between 1 and 18 branches). Also, 32 (or 91%) of the portfolio companies reported having exposure in the agriculture sector (22% on average), which is the primary sector that could potential have negative biodiversity impacts. However, we are unable to draw any conclusions at this time on negative biodiversity effects on those biodiversity-sensitive areas.. **Actions for next reference period:** Incofin CVSO, through its investment advisor Incofin IM, is working in partnership with impact investors of the SPTF (Social Performance Task Force) to develop a methodology to efficiently calculate or estimate the impacts of the FIs' underlying portfolio exposure to activities located near or in biodiversity-sensitive areas. Research is taking place on the best tools for mapping and matching national biodiverse-sensitive areas to portfolio activity's location(s).
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00	tonnes / million invested	N/A	**Actions taken:** Incofin CVSO commits to take potential negative effects of water emissions in its investment decision. It is important to note that our FI portfolio companies generate a negligible amount of emissions to water given that their direct activities are financial services operations. Thus, the value for this PAI is 0. **Actions for next reference period:** Incofin CVSO, through its investment advisor Incofin IM, is working in partnership with the impact investors of the SPTF (Social Performance Task Force) to develop a methodology to efficiently calculate or estimate emissions to water of the FI's underlying portfolio.
9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.00	tonnes / million invested	N/A	**Actions taken**: Incofin CVSO commits to take potential negative effects of hazardous waste and radioactive waste into consideration in our investment decisions. It is important to note that our FI portfolio companies generate a negligible amount of hazardous waste given that its direct activities are financial services operations. Thus, the value for this PAI is 0. **Actions for next reference period:** Incofin CVSO, through its investment advisor Incofin IM, is working in partnership with the impact investors of the SPTF (Social Performance Task Force) to develop a methodology to efficiently calculate or estimate the FI’s underlying portfolio hazardous waste generation.

PAI Indicators	Metrics (as per regulation)	Values* (weighted to EUR exposure)	Units	Explanation**	Actions taken, and actions planned and targets set for the next reference period
10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in **violations** of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00	% of investments (weighted)	N/A	**Actions taken**: Incofin CVSO adheres to the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises, and our aim is that the investee companies that Incofin CVSO invests into comply with these norms. Our Funds are subject to norm-based screening, which identifies investee companies that have been involved in violations of the UN Global Compact Principles or OECD Guidelines for Multinational Enterprises at the due diligence stage. If material gaps are identified, we will engage with the company to understand their willingness and capacity to address the issues, and where feasible, will negotiate an action plan. **Data Source:** The SFDR regulation has not provided a clear definition of "violation". Through the SPTF Social Investors working group, peer investors in our industry have agreed to use a standard definition for "violations" as following: sanctions (e.g. fines, administrative or judicial sanctions), convictions, or non-monetary punishment that have been applied to the Portfolio Company during the last reporting year related to the following topics: i) Business practices against the Usury Law or the Consumer Protection Law; ii) Non-compliance with National Labor Law; iii) Funding environmentally damaging activities; iv) tax evasion or avoidance; v) non compliance with national Anti Money Laundering Law. This definition is consistent with the approach shared in the Final Report on Minimum Safeguards, a topic related to this PAI, that states that "in practice, it might be necessary to differentiate between court proceedings involving serious violations and minor cases". Based on self-reported data from the investees, none of the Fund's investees reported having convictions or sanctions imposed during the reference period, related to the definition of "violations" mentioned above. **Actions for next reference period**: We will continue to monitor portfolio companies on a regular basis.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00	% of investments	N/A	**Actions taken**: Incofin CVSO adheres to the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises, and our aim is that the investee companies that Incofin CVSO invests into comply with these norms. Our Funds are subject to norm-based screening, which identifies investee companies that have been involved in violations of the UN Global Compact Principles or OECD Guidelines for Multinational Enterprises at the due diligence stage. If material gaps are identified, we will engage with the company to understand their willingness and capacity to address the issues, and where feasible, will negotiate an action plan. **Data source:**: We use the industry recognized tool SPI4-ALINUS (https://cerise-spm.org/en/alinus/) to conduct a social and environmental audit of all our FI investments. The tool contains 40 indicators related to processes and mechanisms to monitor compliance with UN Global Compact Principles and OECD Guidelines of Multinational Enterprises. Such indicators include for example: client protection practices (prevention of over-indebtedness, transparency, fair and respectful treatment, data privacy, etc.), responsible treatment of employees (written HR policy protecting employees' rights and addressing non-discrimination, transparent and fair salary scale, prevention of health and safety risks, formal job documentation, etc.), and a review of these issues by the Management and the Board. Portfolio companies that had a compliance level of less than 60% of the 40 indicators were defined as "lacking processes and mechanisms". During the reference period, none of the Fund's portfolio companies scored below 60% on these 40 indicators. **Actions for next reference period**: The Fund will continue to adhere to the UN Global Compact Principlels and the OECD Guidelines. No investments will be made in portfolio companies with less than 60% compliance with the 40 indicators, unless a clear and credible action plan to reach the threshold within 12 months is agreed.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	3.71	% unadjusted gender pay gap (weighted average)	N/A	**Actions taken**: Although Incofin CVSO does not have a specific mandate to address gender issues, women form an important part of the vulnerable and excluded populations ultimately targeted by the Fund. Hence, we apply a gender lens throughout the investment process to ensure our investments do not create adverse gender impacts, both at the level of the end-beneficiaries and at the FIs' employees. In 2022, the Fund launched a technical assistance project to support women leadership training for several of our portfolio companies. **Data source:** PAI 12 is calculated based on self-reported data from the portfolio companies on the number of female employees, number of male employees, annual payroll to female employees, and annual payroll to male employees. As per the SFDR regulation, PAI 12 is the unadjusted gender pay gap and does not take into account the difference in positions, experience, seniority, etc. The formula is as below and taken as a weighted average of all portfolio companies: <u>(female payroll €/ female employees) - (male payroll € / male employees)</u> (male payroll € / male employees) **Actions for next reference period**: There are no specific actions or target set related to PAI 12.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33.20	% of female to total members (weighted)	N/A	**Actions taken**: Although Incofin CVSO does not have a specific mandate to address gender issues, women form an important part of the vulnerable and excluded populations ultimately targeted by the Fund. Hence, we apply a gender lens throughout the investment process to ensure our investments do not create adverse gender impacts, both at the level of the end-beneficiaries and at the FIs' employees (including in the Management and the Board). In 2022, the Fund launched a technical assistance project to support women leadership training for several of our portfolio companies. **Data source**: The data is based on self-reported data from the portfolio company. **Actions for next reference period**: There are no specific actions or target set related to PAI 13.
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00	% of investments (weighted)	N/A	**Actions taken:** Incofin CVSO's investment policy forbids any investment in companies that are involved in the production or development of cluster munitions, antipersonnel mines, biological weapons, chemical weapons, weapons with nondetectable fragments, incendiary and blinding laser weapons or depleted uranium munitions. Incofin CVSO's investment policy also forbids any investment in companies that are verified to be involved in the production of nuclear weapons. This is specified in the Exclusion List and bind in the legal agreements with the portfolio companies. **Actions for next reference period:** No actions required.

PAI Indicators	Metrics (as per regulation)	Values* (weighted to EUR exposure)	Units	Explanation**	Actions taken, and actions planned and targets set for the next reference period
Add.Environment: In the reporting period, has your company undertaken any carbon emission reduction initiative?	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	49.93	% of investments (weighted)	N/A	**Actions taken:** Incofin CVSO does not have a mandate to reduce the carbon emissions of its portfolio companies. However, 12 investees (50.07% of the Fund's weighted investments) have taken the initiative to put in place programs to reduce carbon emissions. While the initiatives are not specifically aligned with the Paris Agreement, we see this as an important cultural shift that will support the global efforts to reduce GHG emissions in the long run. **Actions for next reference period:** There are no specific actions or targets set to address this additional environmental PAI.
Add.Social: Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	17.43	% of investments (weighted)	N/A	**Actions taken**: Incofin CVSO adheres to the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises, and our aim is that the investee companies that Incofin CVSO invests into comply with these norms. Our Funds are subject to norm-based screening, which identifies investee companies that have been involved in violations of the UN Global Compact Principles or OECD Guidelines for Multinational Enterprises at the due diligence stage. Grievance/complants handling related to employee matters is a topic that is reviewed. If material gaps are identified, we will engage with the company to understand their willingness and capacity to address the issues, and where feasible, will negotiate an action plan. **How we calculated the indicator**: This indicator is based on the latest due diligence findings of our investment team derived from an assessment of the HR policy of the entity. If the entity did not have a clear grievance mechanism for handling employee related matters covered in their HR policy, we considered this as a "lack of grievance mechanism". Six investees (17% of total investees) had some gaps, mainly due to the lack of formalization of processes. **Actions for next reference period**: In the few cases where this gap exists, we will engage with the portfolio company to encourage implementation of best practices with the goal to remedy by the next reference period.
% of investees reported		95%			
Total Fund's Investments		72.1M	EUR		

* Values reported are EUR exposure weighted scores. For example: for a EUR 1M invested in a Financial Institution that has a 10% exposure to the Fossil Fuel sector in its portfolio, only EUR 0.1M will be counted in the “share of investments in companies active in the fossil fuel sector”.
** Explanation of difference in impact reported. As this is the first reference period, there is no data to make a comparison.
*** N.I. = no information