PAI quantitative disclosure

Fund	Incofin CVSO
Reporting Period	FY 2023

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 2023 to 31 December 2023.

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 FY 2023* (weighted to EUR exposure)	Values FY 2022* (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	1,026.74	806.61	tCO^{2}e	GHG data remains difficult to collect from non-EU investees. Incofin IM sources proxy data from the Impact Institute to estimate the GHG emissions of its investments. 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 increase in GHG emissions in 2023 are due to the following reasons: 1) GHG emissions for each portfolio company is estimated based on its revenue. In 2023, the Funds invested in companies with higher revenues on average than in 2022, which increased the GHG emissions. 2) Impact Institute updated their scope 3 calculations in 2023 to include an estimation of the GHG of the underlying portfolio of financial institutions, which drove up the total GHG emissions significantly and is not comparable with the 2022 data.	**Actions taken**: Incofin CVSO is an Article 9 fund and all its underlying investments are sustainable investments in accordance with the SFDR regulation. The Fund conducted rigorous due diligence assessment to ensure that all investments do not cause significant harm to any environmental and social objectives, including an evaluation of climate change risks and impacts. However, it is important to note that the Fund does not have a specific target to reduce GHG emissions. This is primarily because the GHG emissions of the portfolio companies, which are mostly financial institutions in emerging markets, and their end clients (low-income households, smallholder farmers, micro and small businesses) are relatively marginal. These indicators was tracked for PAI reporting purposes and no further actions were taken. At the Incofin IM level (Fund Manager of CVSO), an assessment of the entity's GHG emissions was conducted by Holtara. The results showed that 59% of the carbon footprint was from business travel. **Actions planned**: Incofin IM, the Fund Manager of Incofin CVSO, is developing a carbon reduction strategy at the entity level (not portfolio company level) by the end of 2024. This will entail a review of and improvements to carbon data collection methods, creating a baseline, defining targets and creating a reduction plan (e.g. offsetting). **Target:** No target has been set.
Scope 2 GHG emissions	Scope 2 GHG emissions	4,514.39	4,345.16	tCO^{2}e	Please see explanations under Scope 1	
Scope 3 GHG emissions	Scope 3 GHG emissions	215,670.09	24,862.83	tCO^{2}e	Please see explanations under Scope 1	
1. Total GHG emissions	Total GHG emissions	221,211.22	30,014.60	tCO^{2}e	Please see explanations under Scope 1	
2. Carbon footprint	Carbon footprint: Total GHG by enterprise value	-1156.15	155.60	tCO^{2}e / million	Please see explanations under Scope 1	
3. GHG intensity of investee companies	GHG intensity of investee companies: Total GHG by total sales of enterprise	1812.82	318.35	tCO^{2}e / million	Please see explanations under Scope 1	

PAI Indicators	Metrics (as per regulation)	Values FY 2023* (weighted to EUR exposure)	Values FY 2022* (weighted to EUR exposure)	Units	Explanation	Actions taken, and actions planned and targets set for the next reference period
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.402	0.004	% of investments (weighted)	Incofin CVSO does not directly invest in companies active in the fossil fuel sector. Direct activities of investees are not in the exploration, mining, extraction, production, processing, storage, refining or distribution in the fossil fuel sector, and thus, investees do not derive direct revenues from the fossil fuel sector. Indirectly, a few investees may have exposure to the fossil fuel sector in their underlying lending portfolio in the case of financial institutions. Data is based on self-reported data from investees, in which 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. One portfolio company reported to have 4.5% of its portfolio in fossil fuel activities in 2023. This client had not reported in 2022 (where max exposure was 0.3%), which explains the increase at Fund level.	**Actions taken**: Incofin CVSO monitored and reviewed exposure of existing and new investments to confirm no direct investments in fossil fuel sector and low indirect exposure. **Actions planned**: Incofin CVSO intends to maintain no direct exposure to fossil fuel sector and low indirect exposure by implementing screening and monitoring of existing and new investments. **Target:** 0% for direct investment and no target has been set for indirect investments due to the low existing exposure.
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	39.58	45.91	% Non-renewable / Total electricity (weighted)	Portfolio companies 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 taken:** All investments made by the Fund were screened and assessed with a climate lens to ensure no harm to environmental objectives as well as to evaluate the climate change risks and impacts. However, the Fund does not have a specific target to reduce the use of non-renewable energy in its portfolio companies.This indicator was tracked for PAI reporting purposes and no further actions were taken. **Actions planned:** There are no specific actions planned. **Target:** No target has been set.
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	0.00	GWH / million EUR (weighted)	The SFDR defines 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. All investments are in financial institutions and are not classified as high impact climate sector and given the value of "0".	**Actions taken:** All investments were screened and assessed with a climate lens to ensure no harm to environmental objectives as well as to evaluate the climate change risks and impacts. However, Incofin cvso does not have a specific target to reduce the energy consumption of its portfolio companies. This indicator was tracked for PAI reporting purposes. **Actions planned:** There are no specific actions planned. **Target**: No target has been set.
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	0.00	% of investments (weighted)	Incofin CVSO does not have direct exposure to companies that negatively affect biodiversity sensitive areas. All investees operate in the financial sector and their direct impact on biodiversity-sensitive areas is negligible. In addition, based on self-reported data from the investees, none investee have branches or points of sales near biodiversity-sensitive areas, confirming the negligible impacts.	**Actions taken**: Incofin CVSO continued to implement a robust E&S screening and due diligence process to filter out investments with potential negative impacts on biodiversity. **Actions planned**: Incofin CVSO intends to continue investing only in companies that avoid negative impacts on biodiversity sensitive areas and will do so through implementing our E&S screening and monitoring of existing and new investees, and where possible, to provide technical assistance. **Target**: 0%
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00	0.00	tonnes / million invested	All of Incofin CVSO investees are financial institutions and generate a negligible amount of emissions to water.	**Actions taken**: Incofin CVSO continued to implement a robust E&S screening and due diligence process to filter out investments that cause significant emissions to water. **Actions planned**: Incofin CVSO intends to continue investing only in companies with no significant emissions to water and will do so by continuing our E&S screening and monitoring of existing and new investees, and where possible, to provide technical assistance. **Target**: 0%

PAI Indicators	Metrics (as per regulation)	Values FY 2023* (weighted to EUR exposure)	Values FY 2022* (weighted to EUR exposure)	Units	Explanation	Actions taken, and actions planned and targets set for the next reference period
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	0.00	tonnes / million invested	All of Incofin CVSO investees are financial institutions and generate a negligible amount of hazardous or radioactive waste.	**Actions taken**: Incofin CVSO continued to implement a robust E&S screening and due diligence process to filter out investments that produce significant hazardous or radioactive waste. **Actions planned**: Incofin CVSO intends to continue investing only in companies that do not produce significant hazardous or radioactive waste through implementing our E&S screening and monitoring of existing and new investees. **Target**: 0%
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	7.28	0.00	% of investments (weighted)	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 investees, only 3 investees reported being involved in legal proceedings, but all are considered non-material. As a weighted share of the Fund's total investments, the amount is negligible.	**Actions taken**: In 2023, Incofin CVSO continued to employ a norms-based screening process to identify violations of the UN Global Compact Principles or OECD Guidelines for Multinational Enterprises at the due diligence stage. If material gaps are identified, Incofin CVSO will engage with the company to understand their willingness and capacity to address the issues, and where feasible, will negotiate an action plan. **Actions planned**: Incofin CVSO intends to continue investing only in companies with no serious violations to the UN Global Compact Principles or OECD Guidelines and will do so by implementing a robust E&S screening and due diligence process. In cases of serious violations with no resolutions with the investees, the possibility of divestment may be considered. **Target**: No target has been set.
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	0.00	% of investments	Incofin CVSO uses 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, no investee scored below 60%.	**Actions taken**: Incofin CVSO continued to implement a robust E&S screening and due diligence to filter out companies that do not meet the minimum safeguards. **Actions planned**: Incofin CVSO intends to continue investing only in companies with responsible practices and that complying with minimum safeguards. In the rare cases where a high-impact investee is slightly below the 60% threshold but demonstrates strong commitment to improve, Incofin CVSO will engage with the company to support. In addition, the IT platform is undergoing improvements to automate the process and boost efficiency. **Target**: No target has been set.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.59	3.71	% unadjusted gender pay gap (weighted average)	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: $\frac{\text{(female payroll €/ female employees) - (male payroll € / male employees)}}{\text{(male payroll € / male employees)}}$	**Actions taken**: Incofin CVSO applied a gender lens throughout the investment process to ensure no investments create adverse gender impacts, both at the level of the end-beneficiaries and among the portfolio company's employees. The Entity also monitored gender results through quarterly reports submitted by the investees. **Actions planned**: Incofin CVSO will continue to implement a gender lens approach and monitor gender results of its portfolio. Incofin CVSO will continue to explore opportunities to encourage investees to further enhance gender diversity, equality and inclusion **Target**: No target has been set.

PAI Indicators	Metrics (as per regulation)	Values FY 2023* (weighted to EUR exposure)	Values FY 2022* (weighted to EUR exposure)	Units	Explanation	Actions taken, and actions planned and targets set for the next reference period
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	26.89	33.20	% of female to total members (weighted)	The data is based on self-reported data from the portfolio company.	**Actions taken**: Incofin CVSO applied a gender lens throughout the investment process to ensure no investments create adverse gender impacts, both at the level of the end-beneficiaries and among the portfolio company's employees. The Entity also monitored gender results through quarterly reports submitted by the investees. **Actions planned**: Incofin CVSO will continue to implement a gender lens approach and monitor gender results of its portfolio. Incofin CVSO will continue to explore opportunities to encourage investees to further enhance gender diversity, equality and inclusion. **Target**: No target has been set.
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	0.00	% of investments (weighted)	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. The Funds' 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 binded in the legal agreements with the portfolio company.	**Actions taken**: Incofin CVSO screened and monitored investees exposure to confirm compliance. **Actions planned**: Incofin CVSO intends to adhere to all fund's investment policy in regards to the exclusion of controversial weapons and will do so through its screening and monitoring process. **Target**: 0%
Add.Environment: In the reporting period, has your company undertaken any carbon emission reduction initiative?	Share of investments in investee companies <u>without</u> carbon emission reduction initiatives aimed at aligning with the Paris Agreement	30.94	49.93	% of investments (weighted)	Data is based on self-reported data from the investee. A decrease in the indicator indicates that more investees are putting in place a carbon emission reduction initiative. While the initiatives may not be specifically aligned with the Paris Agreement, it does represent an important cultural shift that will support the global efforts to reduce GHG emissions in the long run.	**Actions taken**: Incofin CVSO tracked this indicator as part of its E&S due diligence and monitoring process, although portfolio companies are not required to have a carbon emission reduction initiative in place to be eligible for investments. **Actions planned**: Incofin CVSO will continue to track this indicator. **Target:** No target has been set.
Add.Social: Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies <u>without</u> any grievance/complaints handling mechanism related to employee matters	14.79	17.43	% of investments (weighted)	The data is based on the latest due diligence findings. A decrease in the ratio indicates that more investees are setting up employee grievance/complaints handling mechanisms. In 2023, 5 investees showed some gaps, against 6 last year.	**Actions taken**: Incofin CVSO continued to implement a robust E&S screening and due diligence process to identify HR risks of new and existing investees. **Actions planned**: Incofin CVSO will follow up with the 5 investees identified to have gaps in handling employee grievance/complaints to understand their challenges and willingness to improve. Where possible, technical assistance could be used to support. **Target:** No target has been set.
% of investees reported		76%	95%		There were a total of 38 investees during the reference period, of which 100% were FIs. All 38 investees were active as of 31-Dec-23.	
Total Fund's Investments		68.8M	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”.
*** N.I. = no information