

PAI quantitative disclosure



Fund	FAF
Reporting Period	FY 2022

Summary
The Fairtrade Access Fund (the "Fund" or "FAF") 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 the Fund, 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 three 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

FAF invests in well-run agriculture producer organizations, traders/processors, plantations and agricultural value chain SMEs that are predominantly Fair Trade or Sustainable certified or candidates for certification, and primarily work with, or are comprised of, smallholder farmers. In addition, the Fund also invests in agricultural-focused financial institutions (FIs).

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") and that the regulatory and industry standardization around the methodologies and tools used to perform PAIs assessment is evolving in order to serve the spirit of the regulation. We have used our best efforts to collect the PAI data for the first reference period.

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	1,939.53	tCO ₂ e	N/A	Actions taken: The mission of the Fund is to contribute to the development of a fair agriculture sector by addressing the financial and technical assistance needs of smallholder farmers. The approach of the Fund is built on the microfinance business model and focuses on lending monies to well-run agriculture producer organizations, traders/processors, plantations and agricultural value chain SMEs that are predominantly Fair Trade or Sustainable certified or candidates for certification, and primarily work with, or are comprised of, smallholder farmers. However, reducing GHG emissions is not one of the targets of the Fund, and therefore, GHG has not been tracked.
Scope 2 GHG emissions	Scope 2 GHG emissions	374.05	tCO ₂ e	N/A	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. To comply with the SFDR regulation, we have sourced proxy data on GHG from the Impact Institute to meet with the reporting requirements. These proxy data are used to calculate PAI 1, PAI 2 and PAI 3 for the reference period.
Scope 3 GHG emissions	Scope 3 GHG emissions	7,780.33	tCO ₂ e	N/A	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.
1. Total GHG emissions	Total GHG emissions	10,093.91	tCO ₂ e	N/A	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.
2. Carbon footprint	Carbon footprint: Total GHG by enterprise value	303.45	tCO ₂ e / million	N/A	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: The Fund has commissioned an external consultant to develop a PAI calculator that will support agricultural portfolio companies collect data in a more reliable and efficient manner. The tool will be pilot tested during the course of 2023 with the aim to be ready for the next PAI reporting period. In addition, through its investment advisor Incofin IM, the Fund 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.
3. GHG intensity of investee companies	GHG intensity of investee companies: Total GHG by total sales of enterprise	187.26	tCO ₂ e / million	N/A	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.001	% of investments (weighted)	N/A	Actions taken: The Fund does not directly invest in companies active in the fossil fuel sector. The primary activities of our portfolio companies are not in the exploration, mining, extraction, production, processing, storage, refining or distribution in the fossil fuel sector. However, a few investees do distribute fuel as an auxiliary service for their members. Data source: Based on self-reported data from investees, only 1 company engaged in the fossil fuel sector, which represented less than 0.01% of their revenues, and standing at only 0.001% 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	23.89	% Non-renewable/ Total electricity (weighted)	N/A	<p>Actions taken: The Fund does not have a mandate to reduce the use of non-renewable energy in its portfolio companies.</p> <p>Data source: 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.</p> <p>Actions for next reference period: There are no specific actions or targets set to address PAI 5.</p>
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	N.I.	GWH / million EUR (weighted)	N/A	<p>Actions taken: The Fund does not have a mandate to reduce energy consumption intensity in its portfolio companies. 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. As the Fund's portfolio companies are directly engaged in agriculture activities, they do classify as 'high impact climate sector' according to the SFDR regulation.</p> <p>Data source: The quality of the self-reported data from investees was not reliable and there are no proxies available at this time for our specific market. Therefore, this PAI has no information (N.I.) for this reference period.</p> <p>Actions for next reference period: The Fund has commissioned an external consultant to develop a PAI calculator that will support portfolio companies collect data in a more reliable and efficient manner. The tool will be pilot tested during the course of 2023 with the aim to be ready for the next PAI reporting period.</p>
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	<p>Actions taken: The Fund commits to take into consideration potential negative effects on biodiversity in its investment decisions. Given that portfolio companies are directly engaged in agriculture activities, biodiversity risks are present. The Fund tries to mitigate this important risk by predominately investing in Small Producer Organizations ("SPOs") and Agro SMEs which are "Fair Trade" or "Sustainable" certified by reputable organizations. Organizations with such certifications are required to undergo a strict certification process with audits by an independent organizations.</p> <p>Data source: Based on the self-reported data from the investees, we know that 4 investees (represent 3.3% of total investments of the Fund) have operations or work with suppliers located in or near biodiversity sensitive areas. However, the challenge of calculating PAI 7 is establish whether the activities of the investee is "negatively affecting" those biodiversity sensitive areas. As none of these portfolio companies have faced environmental sanctions from local regulators, we make the assumption that there is no violations.</p> <p>Actions for next reference period: The Fund has commissioned an external consultant to develop a PAI calculator that will support portfolio companies collect data in a more reliable and efficient manner. The tool will be pilot tested during the course of 2023 with the aim to be ready for the next PAI reporting period.</p>
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N.I.	tonnes / million invested	N/A	<p>Actions taken: The Fund commits to take into consideration potential negative effects of water emissions in its investment decision. The Fund tries to mitigate this important risk by predominately investing in Small Producer Organizations ("SPOs") and Agro SMEs which are "Fair Trade" or "Sustainable" certified by reputable organizations. Organizations with such certifications are required to undergo a strict certification process with audits by an independent organizations.</p> <p>Data source: The quality of the self-reported data from investees is not reliable/complete, and there are no proxies available at this time for our specific market. Among the portfolio companies that reported, only 1 investee is using chemicals, pesticides, and/or fertilizers that contain nitrates and/or phosphate in their operations. However, it is unclear how much of the chemicals are emitted into the water. More research is needed to understand the situation.</p> <p>Actions for next reference period: The Fund has commissioned an external consultant to develop a PAI calculator that will support portfolio companies collect data in a more reliable and efficient manner. The tool will be pilot tested during the course of 2023 with the aim to be ready for the next PAI reporting period.</p>
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	N.I.	tonnes / million invested	N/A	<p>Actions taken: The Fund commits to take into consideration potential negative effects of water emissions in its investment decision. The Fund tries to mitigate this important risk by predominately investing in Small Producer Organizations ("SPOs") and Agro SMEs which are "Fair Trade" or "Sustainable" certified by reputable organizations. Organizations with such certifications are required to undergo a strict certification process with audits by an independent organizations.</p> <p>Data source: Only 1 investee (a cocoa processing company in Ivory Coast) reported having hazardous or radioactive waste as a byproduct of their operations. However, they are not sure about the volume of the waste. The company did confirm that they have a process in place to manage and dispose of the waste in accordance with local regulations.</p> <p>Actions for next reference period: The Fund has commissioned an external consultant to develop a PAI calculator that will support portfolio companies collect data in a more reliable and efficient manner. The tool will be pilot tested during the course of 2023 with the aim to be ready for the next PAI reporting period.</p>

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	<p>Actions taken: The Fund adheres to the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises, and our aim is that the investee companies that The Fund 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.</p> <p>How we calculated the indicator: 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".</p> <p>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.</p> <p>Actions for next reference period: We will continue to monitor portfolio companies on a regular basis.</p>
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	<p>Actions taken: The Fund adheres to the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises, and our aim is that the investee companies that The Fund 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.</p> <p>Data source: A questionnaire was sent to all active portfolio companies to assess this PAI. The questionnaire looked at 20 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: 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 20 indicators were defined as "lacking processes and mechanisms".</p> <p>During the reference period, none of the Fund's portfolio companies scored below 60% on these 20 indicators.</p> <p>Actions for next reference period: The Fund will continue to adhere to the UN Global Compact Principles 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.</p>
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	-5.43	% unadjusted gender pay gap (weighted average)	N/A	<p>Actions taken: Although The Fund 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.</p> <p>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:</p> <p>(female payroll € / female employees) - (male payroll € / male employees) (male payroll € / male employees)</p> <p>Actions for next reference period: There are no specific actions or target set related to PAI 12.</p>

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
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	16.98	% of female to total members (weighted)	N/A	<p>Actions taken: Although The Fund 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).</p> <p>Data source: The data is based on self-reported data from the portfolio company.</p> <p>Actions for next reference period: There are no specific actions or target set related to PAI 13.</p>
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	<p>Actions taken: The Fund does not invest 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 Fund does not invest 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.</p> <p>Actions for next reference period: No actions required.</p>
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	33.61	% of investments (weighted)	N/A	<p>Actions taken: The Fund does not have a mandate to reduce the carbon emissions of its portfolio companies. However, 12 investees (66.4% 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.</p> <p>Actions for next reference period: There are no specific actions or targets set to address this additional environmental PAI. However, the Fund has commissioned a technical assistance program to evaluate the feasibility of carbon credits for portfolio companies. The results will be available in late 2023.</p>
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	11.35	% of investments (weighted)	N/A	<p>Actions taken: The Fund adheres to the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises, and our aim is that the investee companies that the Fund 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/complaints 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.</p> <p>Data source: 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". Four investees (11.3% of weighted investments) had some gaps, mainly due to the lack of formalization of processes.</p> <p>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.</p>
Add. Social Number of days lost to injuries, accidents, fatalities or illness at the workplace	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	3.35	# days (weighted average)		<p>Actions taken: The Fund adheres to the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises, and our aim is that the investee companies that the Fund 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. Occupational health and safety is an important 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.</p> <p>Data source: 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". Four investees (11.3% of weighted investments) had some gaps, mainly due to the lack of formalization of processes.</p> <p>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.</p>
% of investees reported		56%			There were a total of 57 investees over the course of 1 Jan 2022 to 31 Dec 2022, of which 49 were agri producer organizations or SMEs, and 8 were agriculture-focused financial institutions. At the time of PAI data request, many of these investees did not have an active or performing loan with the Fund, and were not willing to provide the data, resulting in the low reporting rates.
Total Fund's Investments		55.4M	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