FS Impact Finance

Impact Report 2024

Investing today for a better tomorrow



Preamble
Dear Reader,

Thank you for taking the time to engage with our 2024 Impact Report. In an increasingly complex world – where the impacts of climate change, biodiversity loss and social inequality are converging – our mission at FS Impact Finance has never felt more urgent. We believe finance must play a transformative role, not only in preventing further harm to our planet and its people, but in actively driving restoration, equity and resilience.

As an impact-driven investment firm, we rooted in the belief that financial instruments must be catalysts for positive environmental and social change. Through donor-funded facilities in clean energy and forest landscape restoration, we act as force multipliers – leveraging seed capital to attract private investment that benefits both nature and people.

2024 marked another successful year for our GLS Alternative Investments – Microfinance Fund. Amid persistent global challenges – such as inflation, energy instability and geopolitical uncertainty – the fund reaffirmed its role as a vital engine of financial inclusion. By supporting microfinance institutions across emerging and frontier markets, we help enable access to essential financial services for those excluded from the formal banking system. This means more women gaining control over their financial futures, more rural entrepreneurs growing their businesses and more families building resilience to economic shocks.

A shining example of this is our support for Pro Mujer Nicaragua, an institution that empowers women through a holistic model of microloans, healthcare and financial education. Their impact goes beyond credit – strengthening community well-being, fostering agency and creating pathways out of poverty.

In facing today's interconnected global crises, we stay committed to our dual mandate: delivering sustainable returns and measurable impact. We continue to innovate, partner and adapt – knowing the stakes are too high for incremental change.

Thank you for joining us on this journey. It is by working together – investors, partners, communities – that we can uphold our promise: investing today, for a better, more resilient tomorrow.



Martin Cremer
Managing Director
FS Impact Finance

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Our Carbon Footprint

We are FS Impact Finance



We are FS Impact Finance. **Innovation is at the heart of what we do – driving success for our clients, partners and the planet.** As a specialised investment solutions provider with **deep expertise in climate and social investments across the Global South, we aim to turn vision into impact.**

Our unique structure enables agile, independent decision-making and a vibrant exchange of ideas. **Being embedded within a leading European business school, the Frankfurt School of Finance & Management, connects us to a rich network of advisors, academic thought leaders and research labs,** keeping us ahead of future trends and global sustainability challenges.

By combining scientific rigor, technological innovation and entrepreneurial spirit, **we deliver solutions that make a real difference and ensure FS Impact Finance remains a trusted partner in sustainable finance**.

Our Vision

Drive positive societal change through impactful investments

Our Mission

Impactful and innovative investment solutions with a strong commitment to environmental and social responsibility

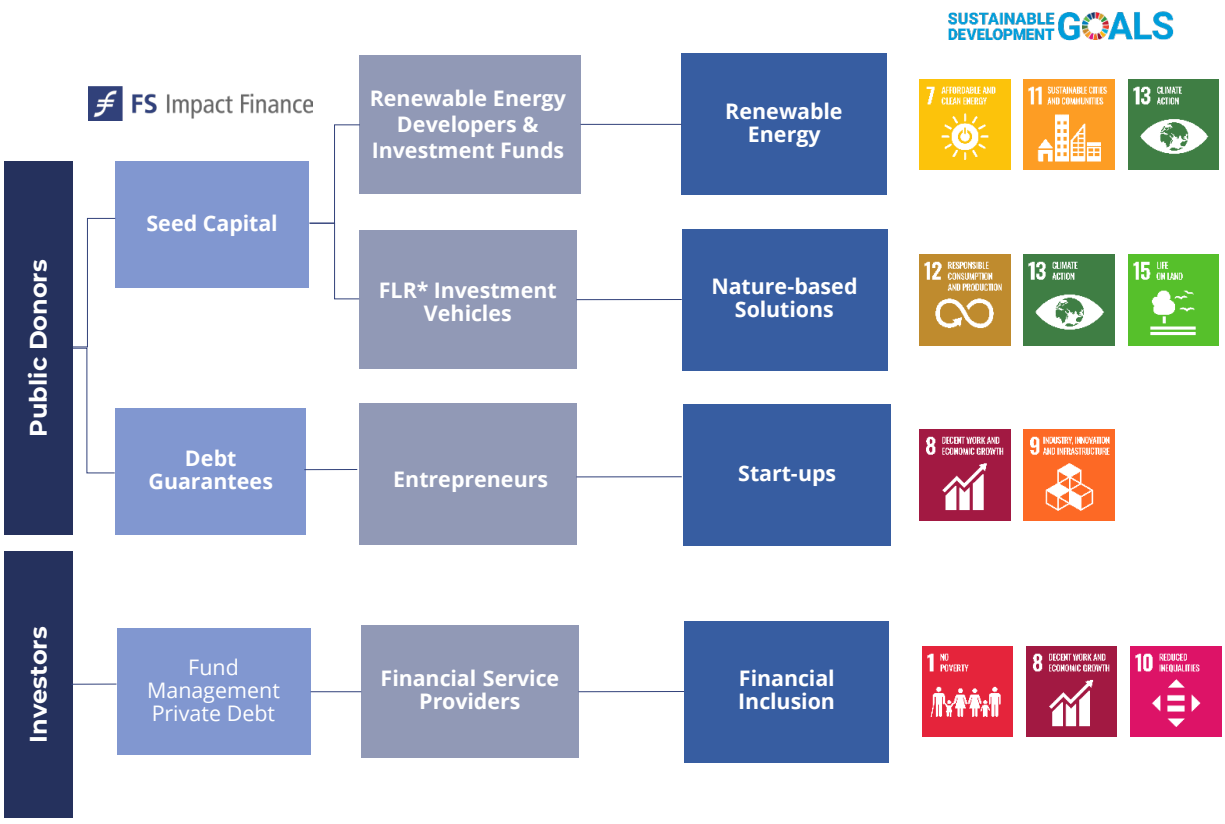
Corporate Responsibility Framework



Our Impact

Guided by our mission to develop innovative investment solutions that prioritise environmental sustainability and social responsibility, we rely on the Three-Pillar Model of sustainability. **Emphasis on the triple bottom line of People, Planet and Profit represents our holistic approach to investment decision-making to safeguard long-termism.** By balancing economic prosperity with environmental preservation that appreciates the wealth of nature and social well-being in equal ways, **we aim to achieve impactful investing that benefits everyone, everywhere**.





* Forest Landscape Restoration

Outlook – UNSDPI

FS Impact Finance has always been guided by its clear mission to finance microfinance institutions, renewable energy and forest landscape restoration in the Global South. We are committed to measuring and managing the real-world outcomes of our investments – and are absolutely mindful of the challenges this may bring along. Yet, it is part of the evolution of our firm to identify a framework that suits our firm's context and our work. How can we reflect our own corporate actions as well as the effects of our investments and financing solutions we provide? Could the **UN Sustainable Development Performance Indicators** (UNSDPI) framework be the right match?

First, some context. **The UNSDPI framework was developed to provide a standardised, globally recognised set of indicators for assessing and reporting progress toward the Sustainable Development Goals (SDGs).** Initiated in the mid-2010s as part of the broader UN effort to implement the 2030 Agenda for Sustainable Development, it was designed to help governments, organisations and investors consistently measure social, environmental and economic impacts. UNSDPI enables comparability across countries and sectors, supports evidence-based policy and investment decisions and promotes accountability by linking development financing and corporate strategies to clearly defined SDG targets and in context of planetary boundaries.

How UNSDPI might support our specific mission

Microfinance in the Global South: UNSDPI provides social indicators relevant to financial inclusion, gender equity, decent work and local economic development. These may help us demonstrate how our microfinance investees and partners deliver real-life added value to underserved communities.

Renewable energy: UNSDPI includes indicators for greenhouse gas emission reductions, renewable energy generation or energy access – making it well-suited to track the environmental and social benefits of our donor-backed renewable energy financing provided under SCAF.

Forest Landscape Restoration: The framework offers clear metrics for biodiversity impacts, land use and resource conservation, helping us evaluate our contributions to ecosystem restoration and resilience.

Additionally, UNSDPI's outcome-based indicators may help us identify, assess and mitigate any negative impacts our investments may have. For example, we can evaluate and manage risks related to land use change, community displacement, or social inequities.

Forward-looking, by adopting the UNSDPI framework, we may enhance our impact management processes, improve the quality and consistency of our reporting and strengthen the trust our investors and stakeholders place in us. We will continue to explore the framework.

How does UNSDPI work?

The UNSDPI framework takes a **two-tier approach to assessing sustainability performance among 61 indicators**, separated in essential sub-areas:

Tier 1: Spotting trends – soft context

Economic | Social | Environmental | Governance
• Tracks long-term performance by observing 5-year trends • Provides detailed, disaggregated performance data • Monitors progress without applying strict sustainability thresholds

Tier 2: Contextualising impact – hard context

Environmental | Socioeconomic | Institutional
• Assesses performance against specific sustainability norms • Highlights critical areas for transformation • Drives accountability by linking impact to defined sustainability goals

Learn more: UNSDPI

Our Highlights in 2024

FEB

Welcoming the new SCAF partner **Source Energia:** Clean energy em**power**ment in Lusophone Africa

APR

The GLS AI – Microfinance Fund is awarded with the **LuxFlag label** for another year

JUN

SCAF Working Breakfast at the Africa Energy Forum in Barcelona

SEP

The Frankfurter Gründerfonds celebrates its **14th birthday**

More on page 23

OCT

New SCAF partnership: **August Energy** delivers smarter, greener power across Southeast Asia

More on page 19

NOV

Our **Resilient Infrastructure Fund** concept is awarded as a winner under the GEF Challenge Program

More on page 9

DEC

Memorandum of Understanding with **Exaloan**: Strategic collaboration to develop advanced credit risk analytics in microfinance lending, powered by **big data** and machine learning

DEC

Ground visit in **India**: Portfolio management meets **SATYA** and other microfinance partners

Picture: Ralf Burmeister and Utpal Chakraborty at a credit group meeting held by Satya in India

Our Highlights in 2024
GEF Challenge Program

We are proud to share that FS Impact Finance was selected as one of the 13 finalists of the *2024 GEF Challenge Program for Adaptation Innovation* and had the opportunity to present our **Resilient Infrastructure Fund (RIF) concept at the COP29 in Baku** in November 2024. The fund concept – designed to accelerate global resilience of large infrastructure assets that are both particularly exposed and vulnerable to climate impacts – was made possible through financial support from the *Global Environmental Facility* (GEF).

Large infrastructure assets such as energy systems, transport networks or water supply are increasingly vulnerable to extreme weather events, sea-level rise and other impacts as a consequence of shifting climate patterns. To safeguard their function and value, these critical systems must be adapted through resilient design, climate-informed planning and robust investment strategies that anticipate future risks and adapt to such expected conditions. This **challenge is particularly acute in low- and middle-income countries in the Global South, where exposure to climate risks is often higher, yet financial resources for adaptation remain limited, constrained by tight public budgets and significant funding gaps.** To ensure long-term resilience, these systems must be supported by thoughtful planning that incorporates climate scenarios and targeted investment strategies that account for both vulnerability and financial capacity.

Overall, this recognition underscores **our commitment to advancing innovative, scalable solutions for climate adaptation and reflects growing international interest in funding mechanisms that drive tangible, long-term impact**. We are excited to see how the journey continues and are grateful to the institutions supporting this work.



Our People
Martin Rücker: Compliance

The Role of Compliance in Impact Investing

In the world of impact investing – where financial returns are joined with positive social and environmental outcomes – the role of Compliance is both vital and uniquely complex. Often working behind the scenes, a dedicated Compliance Officer ensures that operations are steered safely within an evolving landscape of regulatory requirements while still enabling the business to grow and innovate. Striking this balance between Compliance and entrepreneurial ambition makes the function not only essential but indispensable.

A Robust Compliance Framework

As regulations evolve and intensify, asset managers frequently find themselves operating at the high end of the regulatory risk spectrum. A robust and holistic compliance agenda must be capable of managing these obligations while effectively mitigating associated risks.

At FS Impact Finance, Compliance Officer Martin Rücker exemplifies this balance. However, **Compliance is not a function that team members can simply "outsource" to one individual. Rather, it is a shared responsibility: every-one is expected to know the relevant rules, remain vigilant and flag potential showstoppers.** Still, there is no doubt – Martin is always available as a trusted sparring partner when complex issues arise. We can even say that he finds joy in it.

Given that the vast majority of FS Impact Finance's investees, clients and business partners are based in the Global South, the reality of juggling overlapping and sometimes conflicting regulatory regimes is business as usual. In short, Compliance at FS Impact Finance is never dull and never boring.

The Human Side of Compliance

Yet, Compliance is not just about frameworks and checklists – it is about people, choices and consequences. It often involves tough conversations and difficult decisions. In practice, Compliance may have to halt a promising investment if it presents significant regulatory risks or could lead to reputational damage. These decisions are rarely easy and they may not always be popular – but they are essential to safeguarding the firm's long-term integrity.



Our People
Martin Rücker: Compliance

Martin builds on a strong banking career with leadership roles in some large European banks, including international experience in Singapore. And perhaps his passion as a saxophone player in his free time adds this dash of jazz to his skill basket – often needed and welcomed when improvisation to solve a tricky situation is required.

As the saying goes: "It takes 20 years to build a reputation and only 15 minutes to destroy it." This underscores the importance of individual conduct in line with laws and internal policies. Such behaviour forms the bedrock of a compliant and ethical organisational culture. A strong compliance culture is essential not only for mitigating risk but also for building trust with stakeholders and ensuring that the firm continues to operate responsibly while pursuing its business and impact objectives. By fostering a climate of accountability and transparency, Martin plays a pivotal role in helping team members embed these values into their daily decisions and actions.

A day in the life of a Compliance Officer

There is no such thing as a "typical day" in the life of a Compliance Officer – especially not at FS Impact Finance. One moment may involve reviewing a potential investment in a high-risk jurisdiction, the next advising on a new regulatory development from the EU on securities laws, new anti-money laundering provisions or the tackling of financial crime.

What remains constant, however, is the need for sound judgement and a steady moral compass. Take Martin, for example: he might be facing a promising opportunity that aligns perfectly with FS Impact Finance's impact goals – but if the compliance risks are too high or unclear, he must be prepared to say *no*. These moments require not only technical knowledge but also courage and clarity. While such decisions may not always be popular, they are critical for protecting the firm's integrity and enabling its mission in the long term. In this way, Compliance is not merely about ticking boxes – it is about cultivating a resilient, ethical foundation that allows the organisation to grow with confidence, even in complex and shifting regulatory environments.



"My ultimate goal when working on compliance themes with colleagues is to be an enabling partner to the business. What matters most to me is bringing across the spirit of a regulation in a way the team truly connects with."

Martin Rücker
Compliance Officer
FS Impact Finance and Frankfurt School

Our Financing Solutions



Picture: Indileni Nambala at the SCAF Annual Global Meeting

Society

Equal opportunities for all members of society lead to fulfilling lives without compromising the well-being of future generations.

Environment

Ecological health building on sustainable resource management, biodiversity protection, pollution prevention, climate action and ecosystem preservation.

Economy

Sustainable economic growth and prosperity building on responsible business practices, fostering innovation, creating jobs and addressing economic disparities.

Financial Inclusion
GLS AI – Microfinance Fund
Annual review 2024

GLS Investments

The GLS AI – Microfinance Fund continued to expand financial inclusion by investing in over 70 microfinance institutions (MFIs) across Latin America, Eastern Europe, Asia and Africa. The fund closed the year 2024 with a volume of EUR 219.1 million, **disbursing EUR 49 million in new loans to MFIs supporting low-income entrepreneurs and households, especially women and rural populations**.

By year-end, more than 53% of the MFI investments were either directly invested in local currencies or partially hedged, thereby reducing FX risk for MFIs. Regional exposure of MFI investments was led by Asia (55%), followed by Europe (36%), then Latin America (7%) and Africa (2%). The overall portfolio quality remained high, with low default rates.

The fund's MFI investees consistently reached more than 100,000 end clients each month, more than half of whom were women and 60% lived in rural areas. Alongside financing, the fund supported capacity-building and remains committed to promoting strong client protection standards developed by our partner organisation Cerise+SPTF.

Financially, the fund delivered steady performance with stable cash flows and a moderate Net Asset Value (NAV) growth. Social and environmental performance monitoring remained integral through regular reporting and third-party assessments. The GLS AI – Microfinance Fund reaffirmed its role as a robust investment vehicle, effectively combining financial sustainability with measurable social impact in underserved regions.

Updated positive criteria

During 2024, the GLS AI – Microfinance Fund revised its positive screening criteria to reflect a recalibrated strategic focus on impactful inclusive finance. **This update is more than a technical adjustment – it is a reaffirmation of our core mission: to direct capital in ways that deliver lasting social and environmental value alongside financial returns.**

The new criteria – **rural development, education, green inclusive finance, financial resilience, women's empowerment and social & environmental performance management** – define the fund's ambition to invest where change is most needed and most achievable.

Moreover, particularly noteworthy in this update is the integration of the Social Performance Indicators (SPI) tool across the full investment process. From initial screening and due diligence to investment committee approval and post-disbursement monitoring, the SPI acts as a golden source of impact data and strategic alignment. This unified approach enables the fund to:

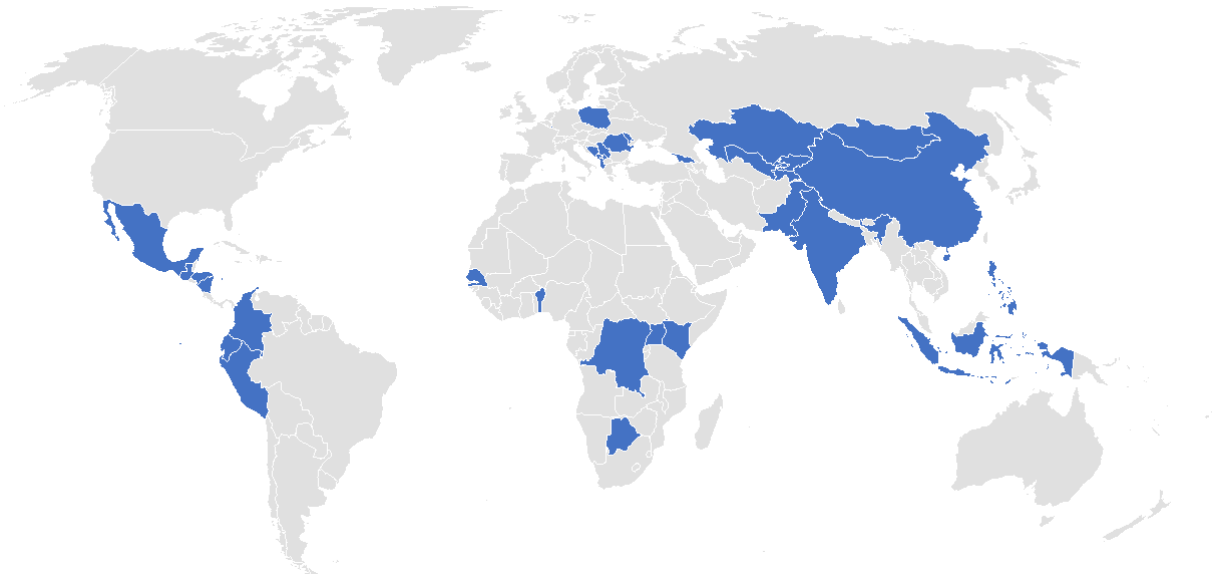
- **Screen** opportunities more effectively using harmonised, mission-aligned criteria
- **Assess** MFIs with greater depth during due diligence
- **Monitor** social and environmental performance in a structured, comparable way throughout the loan lifecycle

By anchoring the investment process in the SPI framework, decision-making is traceable to its intended outcomes – creating a continuous loop between vision, action and impact. This means not just improving processes but building a future where microfinance is consistently accountable, transparent and transformative.

Click on the „play" symbol to watch a client video from our partner institution Annapurna Finance!



Financial Inclusion
GLS AI – Microfinance Fund
In a nutshell



Microfinance Institutions (MFIs) reached

61 MFIs in the portfolio

35 countries covered

EUR 1.5 million average MFI loan size

1.5 years average loan maturity

82% average sustainable asset ratio

50% MFI loans disbursed in local currency

End borrowers reached through MFIs

104,674* end borrowers reached

EUR 1,783* loan volume per borrower

51% female borrowers

49% male borrowers

60% rural borrowers

40% urban borrowers

* Median value

Picture: Ralf Burmeister with a group of female borrowers at his ground visit to India

Financial Inclusion
Gerardo Talavera: Investment Management

We would like you to meet **Gerardo Talavera, our Investment Manager for Latin America and the Caribbean who has been a valued member of the FS Impact Finance team since 2020.** Gerardo has more than **15 years of experience in development finance**, including twelve years at the international lender *Global Partnerships*. He spent the first three years of his career in impact investing in the loan monitoring team before moving on to portfolio management, where he worked for nine years and brings this extensive experience and regional knowledge to FS Impact Finance.

Being based in Nicaragua, his regional focus includes Mexico, Central and South America, with a strong dedication to supporting clients in rural areas. Gerardo combines deep local insights with a strategic, impact-oriented passion for portfolio and investment management. **He gets inspired by MFIs with innovative ideas that benefit end borrowers by solving the issues they face in daily life.**

In his recent observations, **Gerardo highlights the increasingly complex political and economic landscape in countries such as Peru and Bolivia – developments that are also affecting Nicaragua through rising inflation, high interest rates and political instability.** In Ecuador, structural security challenges are compounding other issues that small businesses, families and individuals have to deal with.

Despite these difficulties, Gerardo also emphasises positive examples of mission-driven financial institutions in the region. In Honduras, for instance, the MFI IDH operates in both rural and urban areas, focusing on technological upgrades and expanding outreach through continuous training for loan officers. **They offer microinsurance products for health and life and organise focus groups for widowed women and single mothers to better understand and support their specific needs.** A small share of IDH's portfolio supports agricultural lending, thereby also aiming to create local opportunities and reduce migration pressures.

A further strong example of inclusive finance is **Adisa in Guatemala, which offers home renovation loans and places particular emphasis on working with indigenous communities in their native languages – making their services truly accessible and culturally appropriate**.

Pro Mujer in Nicaragua exemplifies innovative impact by integrating preventive healthcare services – such as screenings or cancer prevention – directly into its branches, broadening its client service offering beyond typical microfinance. Accessible and affordable health services and insurance options reflect the holistic approach shared by a growing number of MFIs aiming to create lasting social value. Discover more about Pro Mujer's pioneering approach in the following section.

"I am passionate about impact investing because I believe in its power to open opportunities and improve the lives of people in low-income communities."

Gerardo Talavera
Investment Management
FS Impact Finance



Financial Inclusion
Pro Mujer Nicaragua

Let's take a deep dive into the strategy and impact objectives of one of Latin America's leading MFIs, into which the GLS AI – Microfinance Fund invested: Pro Mujer. As a leading social enterprise, Pro Mujer pursues a bold and focused strategy to close gender gaps in access to finance, health and education. **Pro Mujer's work centres around the empowerment of women, particularly those from underserved and rural communities, with the eager goal to take control of their economic and personal development.** The holistic model combines microloans with healthcare, training and psycho-social support.

Pro Mujer has had a **strong presence in Nicaragua for over 30 years and has a clear dedication of combining deep local roots with a forward-looking strategy that prioritises financial inclusion and digital innovation to generate a gender-transformative impact.** This is all built on the belief in an integrated model that ensures women receive not simply credit, but also the knowledge, services and overall mindset they need to thrive.

Pro Mujer's strategic focus is clear and aspiring, as it wants to expand its outreach through scalable, tech-enabled solutions, building partnerships that amplify this mission and continuously measuring its social impact through internationally recognised frameworks. This will serve the aim to deepen autonomy, increase resilience and help women become active agents of change in their families and local communities.

In fact, Pro Mujer is undergoing more than just an expansion **– it is the leadership evolution of a regional driver of inclusive and sustainable development** that is wholeheartedly grounded **in dignity, equity and measurable outcomes.**



More than microfinance – how Pro Mujer transforms women's lives:

Business income – 45% of clients reported a noticeable increase in their income generated from small business through access to working capital and training

Quality of life – 58% of clients experienced improved living conditions, including better nutrition, housing and ability to pay for healthcare or education

Financial inclusion – 71% accessed a financial product for the first time, marking a crucial step towards independence and formal economic participation

Gender focus – A strengthened gender equity comes from the simple fact that 100% of clients are women, many of whom are heads of households or sole income earners

1st time entrepreneurs – A significant share of clients launched their first-ever business, helping them to gain autonomy and shape their family's future

Financial education – Clients receive digital and in-person training, equipping them with tools to budget, plan and grow sustainably

Picture: Client of ProMujer

Renewable Energy
Seed Capital Assistance Facility

Clean energy for sustainable development

In 2024, our Seed Capital Assistance Facility (SCAF) made significant steps in expanding its partnership network and deepening its engagement within the global renewable energy sector. **SCAF's new partners in 2024 form a dynamic mix of renewable energy actors with high sector- and regional expertise,** including Izuba Energy II, an experienced US-based developer dedicated to expanding clean energy access in emerging markets with limited energy independence. **Source Energia** has strong targets to deploy scaled wind, solar and storage projects in Africa. And finally, **Alba Renewables**, who are centred on onshore wind and solar, as well as **August Energy**, a Singapore-based platform delivering digitised energy and industrial decarbonisation solutions, both in Southeast Asia.

Throughout the year, **SCAF again maintained a strong presence at industry events and stakeholder forums, with the Africa Energy Forum in Barcelona as one of the highlights.** These events created valuable opportunities to enhance visibility and foster further collaboration with a broad range of institutional network partners. They also formed the basis for exchange on the challenges, opportunities and innovation areas of the renewable energy sector, but also about how SCAF can maintain its role as a network partner to drive up private clean energy investments.

The strategic development of SCAF and how its central role as a catalyst for renewable energy development in emerging markets can be shaped into the future was part of deeper discussions. We truly observe the **essentiality of maintaining a facility like SCAF that uses public donor money** in order to cure the **pain points of forward-looking clean energy development and investments that generate real-life impacts** for people and communities in countries where it matters most. A recalibrated focus on embracing further commercialisation of such projects will benefit the renewable energy ecosystem while always putting the positive effects on the climate ecosystem first.

UN environment programme

Frankfurt School FS-UNEP Collaborating Centre for Climate & Sustainable Energy Finance

Supported by:
Federal Ministry for Economic Affairs and Climate Action
on the basis of a decision by the German Bundestag

IKI INTERNATIONAL CLIMATE INITIATIVE

UKaid from the British people



Picture: SCAF Team on a due diligence trip in Bangkok

Renewable Energy
Seed Capital Assistance Facility

Long-term outcomes of SCAF:

Carbon emission reductions

SCAF's seed-funded projects reduce greenhouse gas emissions, aiding countries in meeting their Nationally Determined Contributions (NDCs) under the Paris Agreement and advancing climate action to mitigate global and local climate impacts.

Clean energy production

Through strategic public capital allocation, SCAF support helps de-risk early-stage clean energy projects and, by facilitating investment funds, contributes to expanding access to clean energy technologies and infrastructure.

Energy access

Reliable and affordable clean energy is essential for sustainable development. Expanding clean energy access empowers communities by driving economic growth, enhancing health and well-being, reducing poverty and strengthening resilience to climate change.

Job creation and economic growth

Access to clean, reliable energy catalyses economic growth, sustainable urbanisation and improvements in healthcare, education and communication. This can generate new employment opportunities and enhance overall community prosperity and quality of life.

SCAF II main achievements by year-end 2024:

USD 3.39 m disbursed to 11 cooperating partners during 2024

5 SCAF-supported projects reached financial close

634,000 t CO_2e of avoided emissions per year expected*

** In relation to projects that reached financial close by end of 2024*

897 MW of capacity installed*

3,651 jobs created during construction and 105 during operation and maintenance*

3 new partners onboarded

Picture: SCAF field trip to Senegal

Renewable Energy
Partner – August Energy

SCAF has proudly provided seed capital to **August Energy,** a Singapore-based energy innovator shaping the industrial decarbonisation landscape across Southeast Asia and India. With a bold vision for accelerating the corporate energy transition, **August Energy has developed an integrated Energy-as-a-Service platform that helps businesses reduce emissions, optimise energy usage and future-proof operations.**

August Energy's model goes beyond conventional clean energy. By tailoring onsite and grid-based renewable power generation to meet industrial electricity needs, the company enables corporate customers to take immediate, scalable steps toward climate goals. Whether deploying rooftop solar, integrating renewables into the grid mix or optimising storage for resiliency and cost efficiency, August Energy's holistic approach addresses both sustainability and operational priorities.

Their platform advances energy efficiency and electrification, helping customers shift from fossil fuels towards integrated electric heating and cooling systems – essential for sectors where industrial processes demand high thermal loads. Through innovations like CHP-enabled (combined heat and power) bioenergy and electrified steam generation, August Energy unlocks efficiency gains that also support grid stability.

Since cooling is a major energy drain in tropical and industrial climates, August Energy also provides chilled water systems with electric or absorption chillers – maximising performance and minimising waste through precision operation management.

From sustainable biomass and biogas solutions to tailored electrification and storage strategies, **August Energy's core solutions align closely with what large industrial and commercial players urgently need: practical, cost-effective and high-impact tools to reduce carbon emissions now.**

With its early-stage capital, SCAF is supporting August Energy move from vision to traction. As they expand their regional footprint, SCAF is proud to support a company that is not only decarbonising critical infrastructure but also building a more resilient, energy-secure future for the region and beyond. Furthermore, August Energy is backed by USD 100 million fundraising support from the *Asia-Pacific Sustainable & Decarbonisation Infrastructure Equity Fund* (SDIEF) that is committed to sustainable investments and decarbonisation across the Asia Pacific region. **August Energy's practical innovation is exactly what is needed to drive the clean energy transition forward – quickly, effectively and transitioning on a system level.**

> "The availability of early-stage risk-taking development capital remains a key constraint in accelerating the energy transition in less mature Asian markets. As an Energy-as-a-Service infrastructure platform in Southeast Asia and India, the availability of development capital from SCAF has been instrumental in maturing our business and remains critical to our ability to further grow the platform."

Kunal Mehta
Co-founder of August Energy



Forest Landscape Restoration
Restoration Seed Capital Facility

Bundesministerium für Umwelt, Naturschutz und nukleare Sicherheit

THE GOVERNMENT OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of the Environment, Climate and Sustainable Development

UN environment programme | Financing Sustainable Land Use

Frankfurt School FS-UNEP Collaborating Centre for Climate & Sustainable Energy Finance

The Restoration Seed Capital Facility (RSCF) observed in 2024 constraints that continued to affect fundraising across the forestry investment sector. While nature-based solutions steadily attract market interest, much of the momentum is now tied to the carbon credit potential of investments. This is true even in sectors like sustainable forest management, where carbon represents only a minority of revenues but often dominates the financial narrative used to attract funding, often from corporate investors. At the same time, capital is shifting from traditional private equity to direct investments in projects and platforms, giving investors more flexibility and closer impact alignment.



Picture: Thomas Richter at the IFB Conference in Singapore

Despite this evolution, RSCF's mission remains critical. **Fund managers focused on environmental and social outcomes continue to face structural barriers – most prominently the early-stage funding gap, long project development cycles and limited investment-ready pipelines.** In 2024, the RSCF received numerous expressions of interest from fund managers for restoration strategies. Yet, with the challenges at early conceptual stages and the long-termism of forest investments, barriers to raise new funds remain high.

These challenges partially mirror broader issues in emerging nature finance markets, especially the emerging Voluntary Biodiversity Market (VBM). The VBM is an emerging and evolving space facing familiar challenges like the early-stage carbon sector. However, as governance frameworks strengthen and engagement from local actors in the Global South increases, the market is expected to mature and avoid repeating past extractive patterns.

To fulfill the potential of nature finance, stake-holders must embrace transparency, community-driven approaches and structures that center ecosystem regeneration and equity.

RSCF carefully observes all development and remains committed to supporting forestry-focused innovation and the next generation of investment managers and project developers.

Click on the button to listen to a podcast (only in German) by Börsenzeitung with Thomas Richter, Investment Manager for the RSCF!

Interview Börsenzeitung

Forest Landscape Restoration
Restoration Seed Capital Facility

Long-term outcomes RSCF is targeting:

Sustainable development

Livelihoods of smallholders, producers and indigenous communities are improved also through capacity building and supported technical assistance

Climate change mitigation

Sustainable land use practices reduce the risk of deforestation and land degradation, while nature-based solutions enhance carbon sequestration, helping to mitigate the effects of climate change

Climate change adaptation

Sustainable land use practices strengthen the resilience of local communities, enhancing their ability to adapt to climate change while generating economic benefits

Conservation and biodiversity

Forest landscape restoration and conservation efforts deliver direct, measurable benefits for biodiversity and strengthen ecosystem services that underpin environmental and human well-being

Impact of RSCF-supported projects by year-end 2024:

USD 1.525 m RSCF-support disbursed to 5 partners

5 facility-supported projects reached financial close

5,502 ha of forest restored and 2,492 ha of natural habitat under sustainable biodiversity use protected*

1.8 m t CO_2e sequestration p.a. and 63.8 m t CO_2e over lifetime from RSCF-supported projects

USD 8.8 m committed support to 6 RSCF partners*

** In relation to projects that reached financial close by end of 2024*

Picture: RSCF field trip to Colombia

Forest Landscape Restoration
Partner – New Forests

New Forests

Kuan Kreng: Thailand's peatland revival

New Forests, a global investment manager with USD 7.67 billion in assets under management across more than 1.3 million hectares of investments, is dedicated to nature assets strategies and has been a year-long RSCF partner. In 2024, RSCF has been supporting New Forest's *Tropical Asia Forest Fund 2* (TAFF2) as well as the *African Forestry Impact Platform* (AFIP).

TAFF2, which comes along with a separate impact tranche **dedicated to generating positive impacts on climate, biodiversity and livelihoods of local communities, has invested in the Kuan Kreng Landscape Peatland Conservation and Restoration Project in Thailand.** The project aims to conserve and restore degraded peatlands in the Kuan Kreng Landscape (KKL), a critical ecosystem with an area of 70,715 hectares that provides habitat for endangered species, regulates water flows and holds the second largest peat swamp forest area in Thailand.

The Kuan Kreng restoration programme, led by Ecosecurities, has been working in the area since 2015 to restore the degraded peatlands and promote sustainable land-use practices. The programme involves a multi-stakeholder approach, engaging local communities, government agencies and NGOs to ensure the long-term success of the project.

The impact of TAFF2's investment in the *Kuan Kreng* project has been significant with the following deliverables:

- **Restoration of 29,672 hectares of degraded peatlands**, **reducing greenhouse gas** emissions and promoting **biodiversity conservation**



- **Engagement with local communities**, providing training and **capacity-building programmes to support sustainable land-use practices**
- Support for the **development of a peatland management plan**, ensuring the long-term conservation of the ecosystem

The Kuan Kreng project also has **significant potential for carbon sequestration, suggesting that the restored peatlands could store up to 3.5 million tonnes of CO_2e over 20 years.** With a major carbon project developed alongside with a potential of 500,000 carbon credits per year, this investment not only contributes to Thailand's climate change mitigation goals but also contributes to the country's commitment under the Paris Agreement.

The TAFF2 investment in the Kuan Kreng project demonstrates the impact that targeted conservation efforts can have on preserving critical ecosystems and promoting sustainable land-use practices. As the project continues to progress, it is expected to deliver significant environmental and social benefits, contributing to a more sustainable future for Thailand's natural resources.

Picture: Kuan Kreng Landscape Peatland Conservation and Restoration Project in Thailand

Start-up Finance
Frankfurt Start-up Fund

Supporting local entrepreneurial growth

In September 2024, the **Frankfurt Start-up Fund** (**Frankfurter Gründerfonds)** proudly celebrated its 14th anniversary. Even beyond the jubilee, there are numerous reasons to celebrate the success of the fund being a testament to innovativeness and a vibrant entrepreneurial spirit in the heart of Frankfurt. Since its inception in 2010, the Frankfurt Start-up Fund has become **a cornerstone for founders, supporting more than 140 businesses, creating over 1,000 local jobs – paired with an impressively low default rate of less than 1%.** The fund is beyond loan guaranteed financing with its unique offering of a holistic support system: from initial business plan feedback to comprehensive coaching and provision of ongoing guidance throughout the entire loan lifecycle. Numerous founders attest specifically this close-knit mentorship as instrumental in building out their businesses and turning bold entrepreneurial ideas into sustainable companies.

With loan guarantees of 80% for an individual loan volume of now up to EUR 100,000, which was doubled in 2024, a diverse variety of local enterprises, from artisan bakeries to shoe tailors and cutting-edge tech ventures, have used and benefited from the fund as a launchpad for growth, transformation and long-term success. An essential success element of the Frankfurt Start-up Fund – being the collaborative link between the expertise of Wirtschaftsförderung Frankfurt, partner banks, FS Impact Finance as fund manager and finally the academic support of Frankfurt School of Finance & Management – is fostering a thriving local founders' ecosystem. This anniversary honours years of impactful funding, just like successful stories of founding. The fund continues to light the way for a new generation of visionaries.

Highlights of the Frankfurt Start-up Fund in 2024:

- Loan guarantees issued for 6 start-ups
- Total loan volume issued EUR 240.5 k
- Fund volume increased to EUR 4.1 million
- Average 0.85% portfolio at risk p.a. since inception and one default case in 2024
- 63% acceptance rate for loan guarantee applications



Picture: Andreas Küppers at the Get Together on the occasion of the fund's 14th anniversary

Start-up Finance
Frankfurt Start-up Fund
Deutsche Gartenakademie

DEUTSCHE GARTEN AKADEMIE

Cultivating sustainability, education and garden culture

Ulla Schuch founded the Deutsche Gartenakademie with the aim of systematically integrating garden culture, education and sustainable development. The academy positions itself as a platform for exchange among experts and enthusiasts, urban designers, educators and landscape architects. It has developed its own structure – comprising curated educational formats such as *"Berufung Garten"* and *"Sehnsucht Garten"*, inspiring networks and interdisciplinary learning opportunities. Rather than focusing on isolated expertise or singular design concepts, the academy promotes a holistic understanding of gardens as cultural, ecological and social spaces.

What distinguishes the *Deutsche Gartenakademie* is its transformative educational approach: gardens are not only viewed as sites of recreation or aesthetic value but as learning environments and living spaces with ecological significance. Through seminars, workshops and excursions, the academy seamlessly integrates theory and practice.

Ulla Schuch addresses a fundamental challenge of contemporary urban and living environments: the growing detachment from nature, declining biodiversity and loss of awareness for design. Municipalities, educational institutions and individuals benefit from a platform that unites knowledge, vision and practical implementation. With this model, the ***Deutsche Gartenakademie* makes a significant contribution to the sustainable transformation of our living surroundings, bridging ecological responsibility with aesthetic ambition.**

Enabled by an 80% guarantee from the Frankfurt Start-up Fund, Ulla Schuch obtained a EUR 50,000 loan from here house bank to build a website, launch marketing campaigns and hire staff.

Today, her seminars are officially recognised by the German Central Office for Distance Learning (ZfU), eligible as educational leave and accredited by employment agencies as certified continuing education programmes.



"A new era calls for meaningful change and one of those changes is: collaboration over competition! Andreas Küppers and the Frankfurter Gründerfonds exemplify this in an outstanding way."

Ulla Schuch
Founder
Deutsche Gartenakademie

Start-up Finance
Frankfurt Start-up Fund
Ebb & Flow Keg GmbH

Draughting wine from stainless-steel kegs

Ebb & Flow Keg GmbH was founded in 2021 by Deandra Anderson and Philipp Neveling, alumni from Geisenheim University, with the mission of fostering sustainability in the wine industry. **The company has developed its own innovative system for wine distribution, replacing traditional single-use glass bottles with reusable stainless-steel kegs** designed for dispensing systems.

What sets Ebb & Flow Keg apart is its circular economy approach: the kegs are collected after use, sanitised, refilled and redistributed, significantly reducing glass waste and CO_2 emissions associated with bottle production and transportation. The company is supported by the German Federal Environmental Foundation (DBU), which facilitates large-scale keg return logistics through digital tools.

Deandra and Philipp address a key challenge in the wine sector: excessive resource consumption and packaging waste. Wineries, restaurants, catering services and retailers benefit from a more efficient, cost-effective and environmentally friendly alternative to conventional bottles. Through this model, **Ebb & Flow Keg contributes to the sustainable transformation of the industry by merging economic efficiency with environmental responsibility.**

In 2022, they secured a loan of EUR 50,000, with 80% of the loan guaranteed through the Frankfurt Start-up Fund, to expand their inventory of stainless-steel kegs, invest in a dispensing system and acquire a transport vehicle.

More founder stories



"With the support of the Frankfurter Gründerfonds, Ebb & Flow Keg successfully scaled its operations, laying a strong foundation for its business model. The insightful exchange with Andreas proved invaluable throughout this growth phase."

Deandra Anderson & Philipp Neveling
Founders
Ebb & Flow Keg GmbH

Corporate Citizenship
Our Carbon Footprint

Let's talk about our business travel in 2024

Our commitment to bringing innovative and sustainable financing solutions to where it matters most stands. So does our commitment to be aware of the effects of our work – especially those we cannot proudly present to the world. We therefore recognise that the way we work must reflect the change we seek.

The urgency to reduce aviation emissions globally is certainly no longer a niche concern with many institutions and policy makers weighing in on the goal that must be set and reached. Consequentially, the World Economic Forum's Global Risks Report 2024 that emphasises escalating environmental threats and systemic risks, lists the **'failure to mitigate climate change' as one of the five key risks over the next decade.** Furthermore, the report highlights the aviation sector's growing share in global emissions and its harsh lack of near-term decarbonisation pathways, making voluntary corporate action and leadership in emissions reductions all the more critical.

We are convinced that our dedication to driving sustainable finance must be matched by integrity in how we operate. While business travel enables crucial relationship-building, on-the-ground understanding of and insights into our investees and trust with cooperation partners and communities where we operate, we are keenly aware of its environmental impact. In 2024, we traveled a total of 206,204 kilometres for business – which represents a substantial reduction from 433,057 kilometres in 2023.

Total travel distance 206,204 km

Purpose of travel

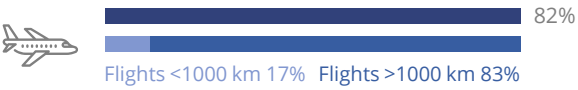


37% **On-site due diligence** (75,498 km)
26% **Meetings with clients** (53,932 km)
25% **Conferences** (51,598 km)
12% **Others** (25,177 km)

We make every effort to decrease our travel-related carbon emissions where possible by ensuring that travel is reduced to necessary levels whilst trips are optimised with respect to connecting multiple destinations in single trips, making up 13% of our 2024 air travel. Short-haul flights below 1000 kilometres are kept at a minimum.

Travel distance by means of transport

Airplane (170,113 km)



Car (20,269 km)



Train (15,822 km)



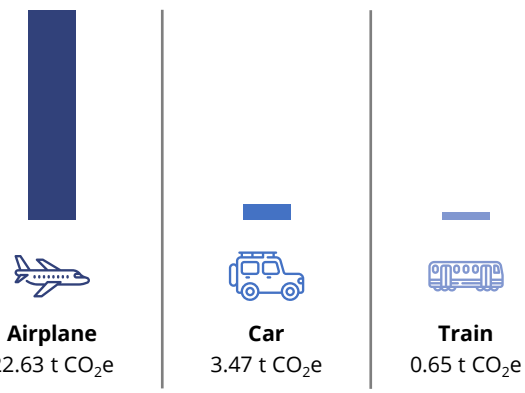
Business travel is a necessary tool of our work to build and maintain relationships, one of our most valuable assets. We engage with local stakeholders and seek to understand the realities of the communities we serve. Yet, it comes to a cost that we do not want to ignore. And we want to take responsibility and maintain awareness.

Corporate Citizenship
Our Carbon Footprint

In evaluating our business travel activities, we quantified emissions using widely accepted, science-backed CO_2 emission factors for each transportation mode. These calculation account for both direct emissions as well as indirect effects, such as the additional climate impact of high-altitude flying. The resulting figures represent our CO_2 equivalent emissions as follows:

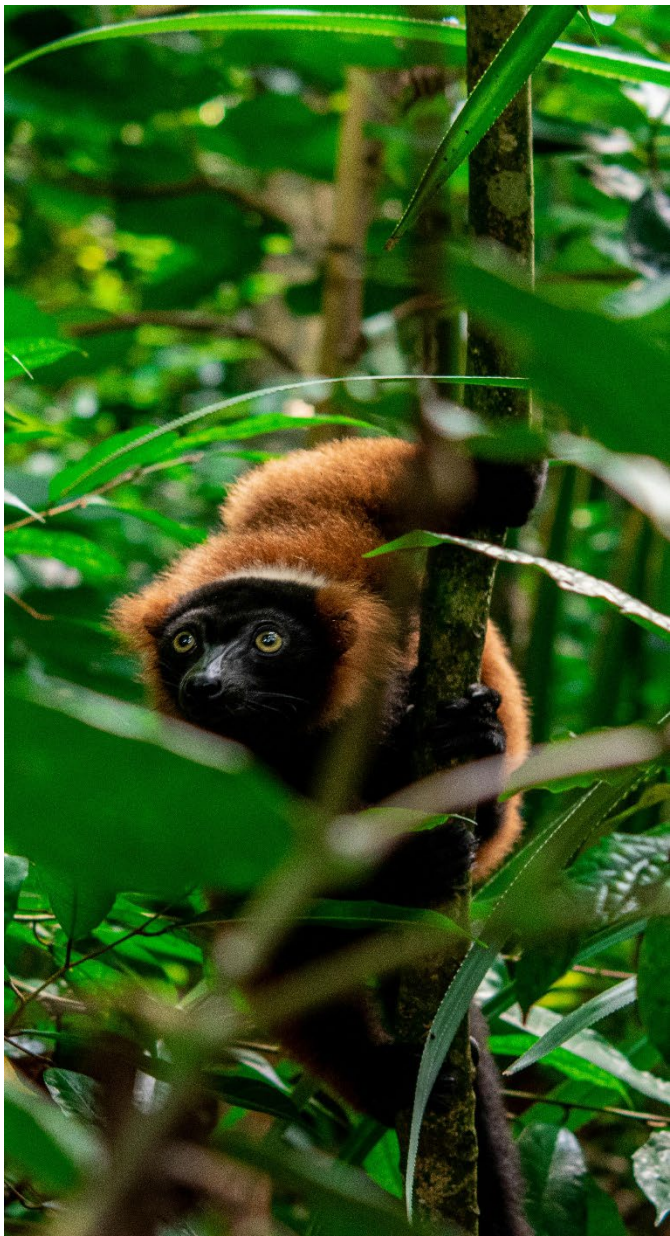
26.74 t CO_2e total business travel-related emissions in 2024

t CO_2e (tons CO_2 equivalent)



Carbon compensation

We have chosen **Goodcarbon** as our carbon compensation partner for travel-related emissions in 2024. Goodcarbon projects are building on nature-based solutions that deliver measurable positive impacts on biodiversity alongside carbon removal. Their projects restore and protect critical ecosystems – such as forests, wetlands and agroforestry landscapes – primarily in the Global South, fostering richer biodiversity by using diverse native species and rehabilitating degraded lands. Goodcarbon's approach integrates scientific consistency and innovative monitoring technologies to ensure transparency and long-term ecological benefits. Beyond carbon sequestration, their projects enhance wildlife habitats, protect endangered flora and fauna and finally support ecosystem resilience, directly addressing the risk of biodiversity loss. By prioritising community involvement and social co-benefits, Goodcarbon ensures that ecological restoration goes hand-in-hand with local empowerment, making biodiversity preservation a central pillar of their climate impact. With this holistic model, we consider Goodcarbon a forward-thinking leader in delivering nature-based solutions that dedicatedly regenerate nature while combating climate change.



Disclaimer

Imprint

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This Impact Report has been prepared by Frankfurt School Financial Services GmbH to provide stakeholders with an overview of our sustainability and impact performance, initiatives and goals. The information contained in this report is intended to reflect our commitment to transparently communicate our efforts towards sustainable practices and to promote open dialogue with our stakeholders.

The data and information presented in this report cover the reporting period January to December 2023 unless otherwise specified. While we have made reasonable efforts to ensure the accuracy and reliability of the information, there might be inherent limitations to the data collection and reporting processes. Certain figures and data may be estimates, projections, or based on historical information. Additionally, this report focuses on specific areas and may not cover every aspect of our operations or impact.

This report may contain forward-looking statements regarding future sustainability goals, initiatives and performance. These statements are subject to risks and uncertainties and actual results may differ materially from those projected. We undertake no obligation to publicly update any forward-looking statements.

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Your Frankfurt School Financial Services GmbH

Frankfurt, August 2025