



EU SUSTAINABLE FINANCE  
DISCLOSURE REGULATION

**PRINCIPAL  
ADVERSE IMPACT  
INDICATOR  
STATEMENT**

## Umgang mit nachteiligen Nachhaltigkeitsauswirkungen

Erklärung zu den wichtigsten nachteiligen Auswirkungen von  
Investitionsentscheidungen auf Nachhaltigkeitsfaktoren gem. Artikel 4(1)(a) der  
Verordnung (EU) 2019/2088

# GLS Alternative Investments – Mikrofinanzfonds

### Zusammenfassung

**Frankfurt School Financial Services GmbH** (LEI: 5299001ZH2UHDZ7ZI92) berücksichtigt die wichtigsten nachteiligen Auswirkungen seiner Investitionsentscheidungen auf Nachhaltigkeitsfaktoren. Bei der vorliegenden Erklärung handelt es sich um die konsolidierte Erklärung zu den wichtigsten nachteiligen Auswirkungen auf die Nachhaltigkeitsfaktoren („Principal Adverse Impact“, kurz PAI) von **Frankfurt School Financial Services GmbH**.

Diese Erklärung zu den wichtigsten nachteiligen Auswirkungen auf die Nachhaltigkeitsfaktoren bezieht sich auf den Bezugszeitraum vom 1. Januar 2024 bis zum 31. Dezember 2024.

Der primäre Zweck des GLS Alternative Investments - Mikrofinanz Fonds ist die Förderung der Entwicklung sowie die Verbesserung der Lebensbedingungen der Menschen unter Beachtung nachhaltigen Handelns. Dies geschieht durch Investitionen in zulässige Anlageinstrumente mit dem Ziel eine angemessene Wertentwicklung zu erreichen. Frankfurt School Financial Services GmbH als Portfoliomanager des Fonds folgt dabei den Investitionsgrundsätzen und Richtlinien der GLS Bank, die Initiator des Fonds ist. Der Fonds ist ein Finanzprodukt im Sinne von Artikel 9 der Verordnung (EU) 2019/2088 des Europäischen Parlaments und des Rates vom 27. November 2019 über die Offenlegung von Informationen zur Nachhaltigkeit im Finanzdienstleistungssektor ("Sustainable Finance Disclosure Regulation" oder "SFDR"). Der Fonds finanziert Mikrofinanzinstitute in Südosteuropa, Lateinamerika, Asien und Afrika. Spezifische Positiv- und Negativkriterien für Mikrofinanzinvestitionen werden vom Anlagebeirat des Fonds kontinuierlich weiterentwickelt und geschärft. Entscheidend ist dabei immer, dass und ob ein Kriterium die Erfüllung des Leitbildes des Fonds fördert. Innerhalb des Bezugszeitraums hat der Fondsmanager gemeinsam mit dem Fondsiniciator die Positivkriterien aktualisiert, die nun direkt mit dem zentral verwendeten Tool ALINUS verknüpft sind, einem standardisierten Due-Diligence-Fragebogen, mit dem der Fondsmanager soziale Managementsysteme und Praktiken von Mikrofinanzinstituten systematisch und vergleichbar bewertet.

Frankfurt School Financial Services GmbH berücksichtigt in dem von ihr verwalteten Fonds die 14 obligatorischen Principal Adverse Impact („PAI“) sowie zwei zusätzliche Indikatoren jeweils aus den Bereichen „Klimaindikatoren und andere umweltbezogene Indikatoren“ sowie „Soziales und Beschäftigung, Achtung der Menschenrechte und Bekämpfung von Korruption und Bestechung“.

**Fondsname:** GLS Alternative Investments – Mikrofinanzfonds

**Finanzmarktteilnehmer:** Frankfurt School Financial Services GmbH

**Datum des Berichts:** 30. Juni 2025

## Transparency about adverse impacts on sustainability factors

Statement on the principal adverse impacts of investment decisions Investment decisions on sustainability factors in accordance with Article 4(1)(a) of Regulation (EU) 2019/2088

### GLS Alternative Investments – Mikrofinanzfonds

#### Summary

**Frankfurt School Financial Services GmbH** (LEI: 5299001ZH2UHDAZ7ZI92) considers the principal adverse impacts of its investment decisions on sustainability factors. This statement is the consolidated statement on the principal adverse impact (PAI) on sustainability factors of **Frankfurt School Financial Services GmbH**.

This statement on the principal adverse effects on sustainability factors relates to the reference period from 1 January 2024 to 31 December 2024.

The primary purpose of the GLS Alternative Investments- Microfinance Fund is the promotion of development and the improvement of people's living conditions in a sustainable manner. This is achieved by investing in authorised investment instruments with the aim of achieving an appropriate performance. Frankfurt School Financial Services GmbH acting as portfolio manager follows the investment principles and guidelines of GLS Bank as initiator of the fund. The Fund is a financial product according to Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("Sustainable Finance Disclosure Regulation" or "SFDR"). The fund finances microfinance institutions in Southeast Europe, Latin America, Asia and Africa. Specific positive and negative criteria for microfinance investments are continuously developed and refined by the fund's advisory committee. The decisive factor is always whether a criterion promotes the fulfilment of the overall fund's mission. During the reference period, the Fund Manager, together with the Fund Initiator, updated the positive criteria, which are now directly linked to the central tool used, ALINUS - a standardized due diligence questionnaire that the fund manager uses to systematically and comparably assess the social management systems and practices of microfinance institutions. Frankfurt School Financial Services GmbH takes into account the 14 mandatory Principal Adverse Impact ("PAI") and two additional indicators from the areas of "climate indicators and other environmental indicators" and "social and employment, respect for human rights and combating corruption and bribery".

**Fund name:** GLS Alternative Investments – Mikrofinanzfonds

**Financial Market Participant:** Frankfurt School Financial Services GmbH

**Date of the report:** 30 June 2025

### Description of principal adverse impacts on sustainability factors

In the context of this statement, the term principal adverse impacts refer to potentially negative effects on sustainability factors that are caused by or directly associated with investment decisions taken for the Fund. The Fund Manager gives priority to and provides reporting on these adverse impacts of investment decisions on sustainability factors using the indicators listed further below. Where relevant, explanations on the reported data and additional context information are provided in relation to the Fund and its portfolio companies. The mandatory indicators set out in Annex I of the SFDR Delegated Regulation (EU) 2022/1288, as well as one optional indicator each from the environment as well as the anti-corruption and anti-bribery areas, are listed in Tables 1, 2 and 3 below. No further voluntary indicators were used to identify and assess additional principal adverse impacts on sustainability factors.

### Indicators applicable to investments in investee companies

**Table 1**

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>								
<b>Greenhouse gas emissions</b>	1. GHG emissions	Scope 1 GHG emissions	399 tCO <sub>2</sub> eq.	287 tCO <sub>2</sub> eq.	671 tCO <sub>2</sub> eq.	The Fund Manager uses GHG emissions proxy data provided by the Joint Impact Model to estimate the GHG emissions of its investments. In case of investments made in MFIs, the estimates for Scope 3 emissions include the emissions generated by the economic activities being financed by these financial institutions to a limited extent (category 15 according to	Data availability from MFIs has increased. Ongoing efforts to further increase availability and robustness of data in order to calculate or where necessary estimate GHG emissions on a more precise basis for the next reference period.	
		Scope 2 GHG emissions	3,019 tCO <sub>2</sub> eq.	1,304 tCO <sub>2</sub> eq.	1,287 tCO <sub>2</sub> eq.			
		Scope 3 GHG emissions	171,148 tCO <sub>2</sub> eq.	92,885 tCO <sub>2</sub> eq.	127,560 tCO <sub>2</sub> eq.			
		Total GHG emissions	174,567 tCO <sub>2</sub> eq.	94,476 tCO <sub>2</sub> eq.	129,519 tCO <sub>2</sub> eq.			
	2. Carbon footprint	Carbon footprint	1,014 tCO <sub>2</sub> eq./ €million	610 tCO <sub>2</sub> eq./ €million	740 tCO <sub>2</sub> eq./ €million			
		3. GHG intensity of investee companies	GHG intensity of investee companies	3,627 tCO <sub>2</sub> eq./ €million	3,125 tCO <sub>2</sub> eq./ €million			4,231 tCO <sub>2</sub> eq./ million

						<p>PCAF<sup>1</sup>). Such estimations of financed emissions are based on the gross loan portfolio of the MFI investees in relation to the overall economic sector activities of the respective country. The breakdown of the economic sectors has been done according to the NACE segmentation codes for the first time<sup>2</sup>.</p> <p>Non-productive loans, i.e. personal/consumer loans, have not been included in the assessment in order to not overestimate their emissions, as no accurate proxy for those is currently available.</p> <p>Response rate: 100% of the MFIs in the Fund's portfolio reported their portfolio segmentation</p>	
4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the	0%	0.13%	0% <sup>3</sup>	MFIs typically do not derive revenues from direct activities from the exploration, mining, extraction, production, processing, storage, refining or	No actions planned for the next reference period.

<sup>1</sup> The Partnership for Carbon Accounting Financials (PCAF) is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas emissions associated with their loans and investments.

<sup>2</sup> NACE is the acronym for "Nomenclature statistique des activités économiques dans la Communauté européenne", link: <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>

<sup>3</sup> In summary, 4 MFIs have responded to have exposures to clients active in the fossil fuel sector with 0.03% or less which can be considered negligible.

		fossil fuel sector				distribution in the fossil fuel sector as they operate in the financial industry.	
						Response rate: 100% of the MFIs in the Fund's portfolio reported their portfolio segmentation	
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	Share of non-renewable energy consumption: 86.62%	Share of non-renewable energy production: 90%	Share of non-renewable energy consumption: 77%	MFIs are drawing energy from the national grid; thus, data is retrieved from the national energy mix. Where no data on energy consumption and production could be obtained, these are sector-related average values.	Efforts are being made to increase availability and robustness of data in order to calculate or where necessary estimate MFIs renewable and non-renewable energy consumption and production on a more precise basis for the next reference period.
			Share of non-renewable energy production: N/A <sup>4</sup>	Share of non-renewable energy production: 86%	Share of non-renewable energy production: 98%	Response rate: 100% of the MFIs in the Fund's portfolio reported their portfolio segmentation	

<sup>4</sup> Currently no proxy data available.

		energy sources					
	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/A	N/A	N/A	MFIs do not classify as part of a high impact climate sector given their direct activities in the financial industry.	No actions planned for the next reference period.
<b>Biodiversity</b>	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	4%	0%	0%	The assessment focused on investees with over 40% of their gross loan portfolio in agriculture, applying increased checks on the location of their branches relative to biodiversity-sensitive areas. The analysis highlighted that additional location data will be required for a more robust assessment, but obtaining such data remains challenging. Two MFIs reported to have branches close to biodiversity-sensitive areas.  Response rate: 52% of the MFIs in the Fund's portfolio	Efforts are being made to calculate or estimate the impacts of the MFIs underlying portfolio exposure to activities located near or in biodiversity-sensitive areas. The Fund Manager is part of an industry working group to further develop specific audit indicators to evaluate this PAI and also share best practices in terms of tools, databases and methodologies to assess biodiversity risks of MFIs.
<b>Water</b>	8. Emissions to water	Tonnes of emissions to	N/A	N/A	N/A	MFIs generate negligible amounts of direct emissions to	The Fund Manager has currently no actions taken or

		water generated by investee companies per million EUR invested, expressed as a weighted average				water given the nature of financial services operations. Water pollution data, e.g. nitrogen and phosphor emissions by crop are generally available for the agricultural sector. For financial services, estimates are existing but minimal and therefore negligible in their impact.	planned for the next reference period in relation to this indicator.
<b>Waste</b>	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/A	N/A	N/A	MFIs generate a negligible amount of hazardous waste given the financial services operations of its direct activities.	The Fund Manager has currently no actions taken or planned for the next reference period in relation to this indicator.

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**INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS**


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<b>Social and employee matters</b>	10. Violations of UN Global Compact principles and Organisation 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	8% <sup>5</sup>	0.7%	5% <sup>6</sup>	Potential violations of the UN Global Compact principles and OECD Guidelines for Multinational Enterprises may range from issues related to human rights, labor practices, environmental impacts, or business ethics. Whilst both guidelines focus on large multinational enterprises, the microfinance industry itself has always been focusing to promote responsible and inclusive finance and social impact. MFIs typically prioritize ethical practices, client protection, and sustainable development and through that actively work to align their operations with corresponding international standards and guidelines.	Ongoing efforts to increase availability and robustness of data to identify potential violations of the UNGC principles or OECD Guidelines at MFI level for the next reference period.
						Response rate: 46% of the MFIs in the Fund's portfolio	

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<sup>5</sup> The indicator from the ALINUS tool includes any fine or formal penalty for breaches of consumer protection, labour law, environmental rules, tax law, or anti-money laundering regulations. In contrast to the previous reporting year, the data collection methodology has therefore changed. The Fund Manager takes note of the fact, that this represents a change in relation to the assessment methodology of this indicator over the previous reporting period. This changed assessment methodology will be carried forward.

<sup>6</sup> Based on a broad set of questions the Fund Manager asked MFIs in its portfolio in order to understand if there have been convictions either of the UNGC principles or OECD Guidelines, in total 3 MFIs have responded to have had convictions either in the field of violating client protection rights or being involved in competition related matters.

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	1.4% <sup>7</sup>	9.5%	25% <sup>8</sup>	Especially smaller or less developed MFIs may face challenges in establishing robust compliance frameworks due to limited resources, capacity constraints, or a lack of awareness about international standards such as the UNGC principles or OECD Guidelines. Yet, many MFIs are actively working towards improving their social and environmental performance and aligning with international standards.  Response rate: 82% of the MFIs in the Fund's portfolio	The Fund Manager takes note of the fact that the indicator has decreased which is why there are currently no actions taken or planned for the next reference period in relation to this indicator.
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<sup>7</sup> The indicator from the ALINUS tool includes any fine or formal penalty for breaches of consumer protection, labour law, environmental rules, tax law, or anti-money laundering regulations.

<sup>8</sup> Based on a broad set of 10 questions on whether MFIs have policies in place amongst others on human rights, freedom of association, anti-bribery and corruption or discrimination, an average of 25% of MFIs responded to have no policies in place in single areas.

12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	17.4%	23.2%	20.3%	<p>The unadjusted gender pay gap is applied to assess gender-based pay inequalities within MFIs by calculating the difference in average earnings between male and female employees, without accounting for factors such as job position, experience, or education. A positive gender pay gap value indicates a gap favoring the remuneration of male staff, while a negative one in favor of female employees.</p>	<p>The Fund Manager has currently no actions taken or planned for the next reference period in relation to this indicator.</p>
<p>Response rate: 80% of the MFIs in the Fund's portfolio</p>					<p>Board gender diversity practices may vary across MFIs and can be influenced by geographical location, cultural context, organization size or regulatory requirements. Each MFI may adopt approaches that align with their specific goals, values, and operational context.</p>	<p>The Fund Manager has currently no actions taken or planned for the next reference period in relation to this indicator.</p>
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	24%	27%	24%	<p>Response rate: 82% of the MFIs in the Fund's portfolio</p>	<p>The Fund Manager has currently no actions taken or planned for the next reference period in relation to this indicator.</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	N/A	N/A	N/A	The production or trade of weapons and ammunition is considered a controversial business activity and treated as a strict exclusion criteria for the Fund. More specifically, the Fund restricts investments in institutions that may be associated with controversial weapons such as anti-personnel mines, cluster munitions, chemical and biological weapons.	The Fund Manager has currently no actions taken or planned for the next reference period in relation to this indicator.
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### Additional climate and other environment-related indicators

#### Water, waste and material emissions

Table 2

<b>Water, waste and material emissions</b>	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	3.10m <sup>3</sup> water used on average per million EUR of revenue of investee companies	5.80m <sup>3</sup> water used on average per million EUR of revenue of investee companies	31.79m <sup>3</sup> water used on average per million EUR of revenue of investees	The majority of MFIs reported data in regards to water consumed by the entity within one year whereas data on water recycling and reuse was not available.  Response rate for water consumption: 12% of the MFIs in the Fund's portfolio	The Fund Manager has currently no actions taken or planned for the next reference period in relation to this indicator. The decreased response rate is due to a procedural change where annual data relevant for this statement is retrieved centrally from the ALINUS/SPI database.
		2. Weighted average percentage of water					

recycled and  
reused by  
investee  
companies

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**  
**INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS**

**Table 3**

<b>Human Rights</b>	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	5%	5%	19%	Altogether, 95% of MFIs confirmed to have a dedicated policy on the respect and adherence to human rights in place and consider in their internal control framework human rights abuses as a risk to be protected from.  Response rate: 78% of the MFIs in the Fund's portfolio	The Fund Manager acknowledges that the number of MFIs with no human rights policy in place is stable. Therefore, there are currently no actions taken or planned for the next reference period in relation to this indicator.
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**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

A detailed list of exclusion criteria has been defined for the Fund which is further aligned with the principles of the *UN Global Compact*. Additionally, the *OECD Guidelines for Multinational Enterprises* are considered. The Fund Manager ensures compliance with the exclusion criteria through dedicated investment guidelines and by conducting a thorough pre-investment due diligence process. The Fund Manager has established a multi-stage review for its investment process, which involves analyzing eligibility criteria based on the initial identification of investment opportunities. After the subsequent due diligence examination, including mandatory on-site visits, an investment proposal is prepared and presented to the investment committee for a final investment decision. The Fund Manager is furthermore engaged in a working group together

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with other social investors from the inclusive finance sectors with the target to further develop common approaches, standardized methodologies and metrics for the reporting of PAI indicators within the social and environmental performance scoring tool ALINUS.

According to the Fund's investment guidelines, investments in institutions with controversial environmental behaviour or those that maybe associated with any kind of controversial business practices are prohibited. Potential environmental adverse impacts are taken into consideration through a broad list of exclusion criteria based on the data currently available. Activities such as trade or production of pesticides, trade in wildlife products, drift-net fishing, and activities negatively impacting biodiversity conservation are thereby excluded. To cover environmental, social and governance ("ESG") matters, the Fund Manager has furthermore issued a policy on its ESG agenda.<sup>9</sup> The ESG Policy is covering a wide range of considerations about sustainability risks along environmental, social, economic or governance-related matters and how these may be mitigated through specific governance measures within the Fund Manager's organisation and compliance framework. The policy is reviewed on a recurring basis. The Fund Manager's management body has approved the latest version of this ESG Policy on 03 April 2024. In order to govern internally the data collection and processing to disclose investment-related information at firm level, the Fund Manager has additionally developed a Disclosure Policy. This sets out relevant regulatory disclosures, including principal adverse impacts, to be made at firm level, their content, internal roles and responsibilities and verification. The Fund Manager's management body has approved the latest version of this Disclosure Policy on 16 January 2024.

### **Methodologies to identify and assess principal adverse impacts and additional indicators**

The Fund Manager considers all mandatory adverse impacts on sustainability factors according to Table 1 using its own collected portfolio data, publicly available market data, the expertise of its investment managers and monitoring staff as well as proxy data provided by third parties. As part of the due diligence process, the fund management minimizes the risk of violating the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Investments in institutions associated with controversial weapons are excluded. Aspects related to these, and other social issues, are addressed in internal questionnaires and part of the Fund Manager's wider due diligence. For the purpose of this report, where indicated, PAI data were retrieved on a proxy basis from the Joint Impact Model ("JIM"). The JIM's main methodology to estimate an investee company's economic and environmental impacts is based on an input-output (I/O) modelling methodology. The Fund Manager is thereby able to calculate PAI data with the tool provided by the Joint Impact Model based on a broad set of portfolio data relating to the Fund and include the current value of investment, the investee company's enterprise value, revenue data and investee country or exposure to certain industry sectors according to the NACE segmentation (see above).

### **Error margins within methodology and description**

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<sup>9</sup> <https://fs-finance.com/wp-content/uploads/2025/02/2024-02-Information-Sustainability-Requirements-Financial-Services.pdf>

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The Fund Manager takes note of the fact that the collection of PAI data from its portfolio companies being non-EU microfinance institutions is challenging and to some extent limited. Where collected data appeared faulty, this has been reviewed and if necessary requested to be corrected by the reporting MFI. Despite these data quality assurance measures, the Fund Manager cannot rule out errors entirely.

### **Data sources used**

The Fund Manager's main objective is to focus in its investment activity on social performance data, where potential environmental adverse impacts that may come along will further be considered. The Fund Manager has implemented a tool-based due diligence and dedicated social performance audits via the tools Social Performance Indicators ("SPI") and ALINUS which are systematically used by the Fund Manager for all new investments. The collection of PAI data at investee level is fully focused on such tools which are specifically designed to satisfy SFDR reporting requirements through the dedicated "ESG Risk" tool integrated into ALINUS. For the first time, the Fund Manager has used, to the fullest extent possible, the raw data reported by MFI investees and from its own due diligence audits in the SPI/ALINUS database.

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### **Engagement policies**

The Fund Manager primarily manages socially responsible investment funds as well as financing mechanisms supporting, amongst others, microfinance, small and medium sized enterprises ("SMEs"), rural and agricultural finance and energy efficiency loans for SMEs, as well as financing mechanisms in support of the United Nations' Sustainable Development Goals in the field of renewable energy and forest restoration. In line with the prevailing investment criteria for the mentioned funds, the Fund Manager is furthermore entitled to invest in other financial instruments including listed equity. In order to ensure compliance with minimum requirements of the German Stock Corporation Act ("Aktiengesetz", refer specifically to Art. 134 et seq.), the Fund Manager has implemented a Proxy Voting Policy<sup>10</sup> to address amongst others its potential engagement in listed companies in respect to the exercise of shareholder rights, monitoring material matters of portfolio companies, cooperation with other shareholders as well as managing potential conflicts of interest. Whenever listed equity positions are held, the Fund Manager seeks to engage on shareholder-related matters and makes use of its voting rights at annual general meetings, especially in relation to matters that would potentially be controversial to the Fund Manager's ESG agenda.

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### **References to international standards**

The Fund Manager is a contributing member of the non-profit organizations Cerise+SPTF who are specialized in developing standards and tools for social and environmental performance management. The Fund Manager is a signatory to the joint statement on the Client Protection Pathway ("CP Pathway") which was developed by Cerise+SPTF to respond to specific risks prevalent in the inclusive finance industry, specifically the risk of

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<sup>10</sup> The Fund Manager's Proxy Voting Policy may be accessed under <https://fs-finance.com/wp-content/uploads/2025/02/2021-04-Proxy-Voting-Policy.pdf>.

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over-indebtedness and foresees at the level of financial service providers trainings as well as, monitoring, governance provisions and awareness raising to mitigate such risks. The CP Pathway aims to support financial services providers active in the inclusive finance industry to implement client protection practices that help to avoid harming clients and protect them from the risks specific to the microfinance sector, such as the risk of over-indebtedness. As part of its pre-investment diligence process, the Fund Manager also verifies social governance measures as well as commitment and adherence to such client protection standards. With respect to addressing climate-related adverse sustainability impacts, the Fund Manager is committed to the Paris Agreement and is aligned with its goals and taking actions to support its objective. The Fund Manager is also a signatory to the Operating Principles for Impact Management (“Impact Principles”). The Impact Principles are designed to guide impact-focused investment managers in integrating impact considerations into their investment objectives, sustain and decision-making in a holistic way. The Impact Principles were initially developed by the International Finance Corporation (“IFC”), a member of the World Bank Group, in consultation with a range of stakeholders in the impact investing field and are meanwhile now hosted by the Global Impact Investing Network (“GIIN”). The Fund Manager is a member of the GIIN which is a non-profit organization dedicated to increasing the scale and effectiveness of impact investing worldwide. The GIIN serves as a global champion for impact investing, working to mobilize a network of investors and organizations committed to making investments that generate measurable social and environmental impact alongside financial returns. Furthermore, the Fund Manager is a member of the Joint Impact Model (JIM) which provides a framework for investors to measure and report on the social and environmental impact of investments. Initiated by a group of development finance institutions, the JIM focuses on the principles of collaboration, transparency, and materiality and enables investors to better understand the impact of investments, improve decision-making and enhance accountability towards stakeholders.

In addition to the mandatory PAI indicators, the Fund Manager has selected additional indicators that may complement environmental indicator, i.e. water usage and recycling (Table 2) as well as an additional social indicator, i.e. share of investments in entities without a human rights policy (Table 3).

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### Historical comparison

The present PAI statement is the Fund Manager’s third statement. A historical comparison of the reference period 01 January 2025 to 31 December 2025 with the reference period of this present statement will be published in the year 2026. Differences between the reported values for the respective reference periods are mainly driven by 1) changes in data availability and data quality; 2) methodological refinements and updates in data sources; and 3) variations in the portfolio composition, in particular with regard to regional and sectoral allocation. These factors may affect the comparability of the indicators over time and do not necessarily reflect a change in the underlying sustainability performance.

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