Operating Principles for Impact Management

Disclosure Statement – 31.03.2025

Invest in Visions GmbH ("IIV") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles"). This Disclosure Statement applies to all funds IIV manages, with a total AUM of EUR 811.78 million (USD 883.1million) as of March 31, 2025.

Edda Schröder

Founder and Managing Director

PRINCIPLE 1

Define strategic impact objective(s) consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs) or other widely accepted goals.

The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

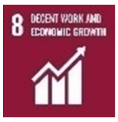
Invest in Visions GmbH ("IIV") is a German portfolio and investment management company, which manages social impact investment funds. The focus of IIV's investments is to provide debt capital to financial service providers in emerging markets in order to support financial inclusion and sustainable development in the target countries. In this manner, IIV seeks to ensure adequate financial returns while achieving a positive social impact. As a portfolio manager pioneering in impact investing, IIV is specialized in sustainable financial products. All of the active investment funds managed by IIV correspond to the classification of Article 9 according to the EU Sustainable Finance Disclosure Regulation ("SFDR")[1] and have the objective of sustainable investments with a social dimension as defined therein.

The impact objectives defined by IIV are aligned with the UN Sustainable Development Goals (SDGs) as laid down in IIV's impact strategy. For each of IIV's managed social impact funds, several SDG impact goals have been specified. IIV strives to contribute to the following SDGs through these investments:

Figure 1: Impact goals

SDG 1: No poverty – End poverty in all its forms everywhere

SDG 5: Gender equality – Achieve gender equality and empower all women and girls



SDG 8: Decent work and economic growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

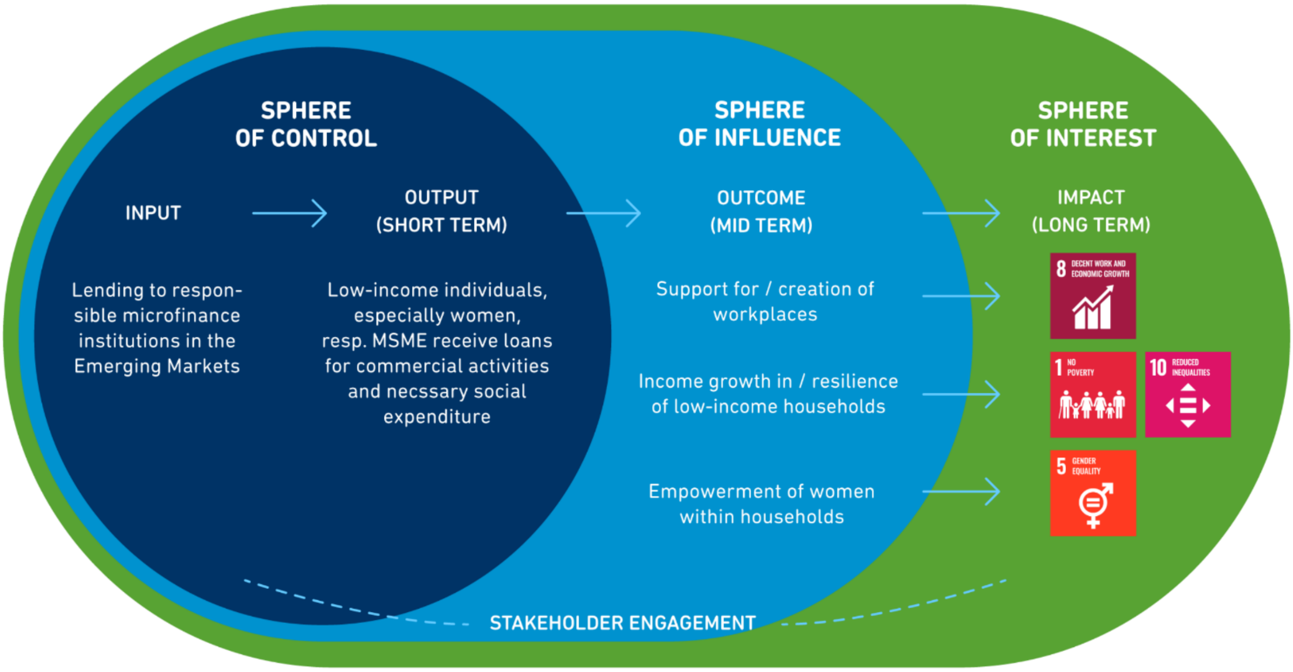
SDG 10: Reduced inequalities – Reduce inequality within and among countries

[1] 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

These SDG goals are an integral part of IIV's investment and impact strategy as well as its investment, impact and ESG[2] (-risk) policies. Within the policies, they serve to define specific requirements, such as exclusion lists and positive criteria as well as the screening of organizational aspects of each potential investment. On this basis, IIV ensures that each potential investment is in line with its own impact goals and investment strategy.

Through its investments, IIV pursues the following impact logic: financial resources are mobilized from institutional and private investors. Through the investments of the funds managed by IIV, loans are granted to microfinance institutions ("MFI") in developing and emerging countries. In this way, they expand their portfolio for lending to micro-entrepreneurs. This gives micro-entrepreneurs access to financial services that they may not otherwise receive from conventional commercial banks. With the help of loans and other financial services, micro-entrepreneurs can build up an economic existence or maintain or expand existing businesses. Throughout the term of the loans, in its role as outsourced financial portfolio manager of impact funds, IIV also stays in close contact with the parties involved in order to increase the impact (stakeholder engagement).

This impact logic is illustrated in IIV's theory of change:



[2] ESG stands for environmental, social, governance.

PRINCIPLE 2

Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

At IIV, impact management is holistically embedded in the investment process: it is defined within IIV's investment policy, the investment decision process and impact measurement. Investments are selected through an extensive screening process structured in three stages. First, certain sectors, activities or goods are excluded, also at the level of the sub-borrower. In addition, investments must meet certain norms (norm-based screening). Second, the selection and analysis of investments is based on operational, financial and sustainability criteria that must be met. Third, the investments are screened with regard to defined positive criteria. IIV's managed financial products are intended to contribute to the realization of the SDGs. Figure 1 provides an overview of the impact goals defined on the basis of the SDGs.

During the investment process, IIV follows a two-fold approach combining **impact assessment** and **ESG assessment** (see Figure 2). This ensures that loans are only granted to particularly sustainable institutions within the microfinance sector.

With respect to **impact assessment**, a sustainability classification of the potential recipient institution is made based on predefined selection criteria including minimum standards (such as average loan size to evaluate the depth of social outreach). The evaluation includes a check against the IMP's Five Dimensions of Impact[3], including risk. In addition, the institution's social performance is measured within the **ESG assessment** and scoring from which the expected impact of the investment can be derived. On this basis, it is determined whether the investment can be expected to contribute to the achievement of the impact goals set for the respective product (i.e. the benchmark SDGs). IIV uses an external scoring tool for ESG scoring, the SPI5-ALINUS[4] tool provided by its partner CERISE+SPTF[5], which is considered the industry standard in the microfinance sector. It allows for collecting data regarding social performance in seven dimensions according to the "Universal Standards for Social and Environmental Performance Management"[6]. In its most recent version, the tool also includes a module to collect the so-called Principal Adverse Impact indicators ("PAIs") as defined in the Regulatory and Technical Standards issued under the SFDR[7].

The information gathered with respect to the positive selection criteria, including applied minimum standards and the social performance (as part of the ESG score), allows for the most comprehensive SDG impact analysis possible within the due diligence review. The use of the standardized MFI Factsheet[8] for the ex-ante assessment and for ex-post monitoring enables the consistent application of a common performance framework across all

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[3] https://impactfrontiers.org/norms/five-dimensions-of-impact/

[4] https://en.spi-online.org/files/ressources/SPI%20Online%20audit%20tools/factsheet-2-ALINUS.pdf

[5] https://cerise-sptf.org/

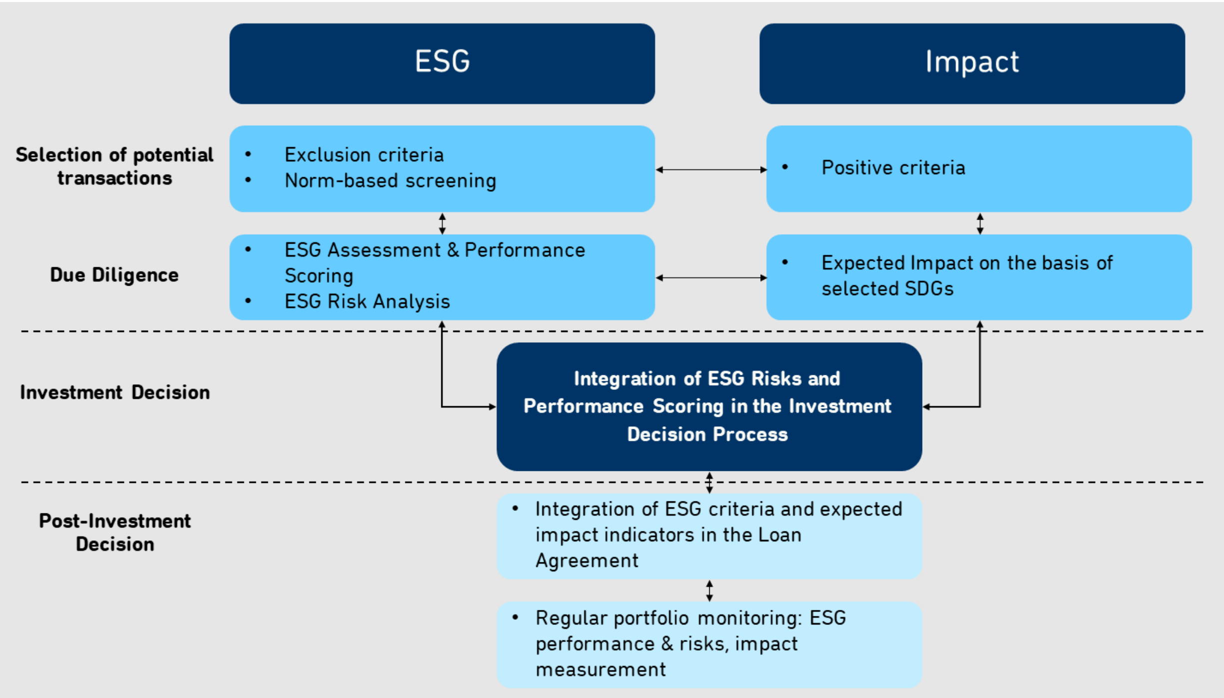
[6] https://cerise-sptf.org/universal-standards/

[7] Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council.

[8] https://www.microfact.org/mfi-factsheet-and-tutorial/

investments. For each of the defined impact goals (see Principle 1), specific core indicators are defined, which are collected from the institutions on a quarterly basis as part of IIV's portfolio monitoring and measured in aggregated and weighted form using a spreadsheet tool developed in-house. These indicators are published in various proprietary publications of IIV, which include the monthly Factsheets for each fund managed by IIV and the company's annual Impact Report. The impact indicators are also integrated into the loan agreements entered into with the respective recipient institutions, who agree to deliver the required data regularly. Non-compliance of the borrowing institution with the obligation to provide the indicator data and to meet the thresholds can lead to a refusal to renew repaid/mature loans.

Figure 2: Impact and ESG Management in the Investment Process



Contributing to the realization of the SDGs is an integral part of IIV's corporate strategy. Invest in Visions strives to promote social and economic inclusion through its actions and the investments by the funds it manages and considers this an integral part of its corporate mission. As a result, matters of sustainability – including sustainability risks – are integrated throughout the company. Sustainability risks are therefore not separately considered in its remuneration policy. IIV's staff incentive system is divided into quantitative and qualitative company targets. While the quantitative part refers to operative earnings, the qualitative target refers to strategic or social goals that IIV leadership wants to achieve either through investments or other company activities. These company targets are defined each year anew by the management of IIV.

PRINCIPLE 3

Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Microcredit and financial inclusion, respectively, are mentioned in the "Agenda 2030" and are understood as contributing to the achievement of several Sustainable Development Goals:

- SDG 1: No Poverty – End Poverty in all its forms everywhere
- SDG 5: Gender Equality – Achieve gender equality and empower all women and girls
- SDG 8: Decent Work and Economic Growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 10: Reduced Inequalities – Reduce inequality within and among countries

IIV's main impact contribution consists of the allocation of debt capital to institutions active in the area of financial inclusion. The funds which are currently managed by IIV refinance specialized financial institutions, which focus on granting loans to micro-, small and medium enterprises ("MSMEs"). As fund manager, IIV makes investment decisions on behalf of the funds that mainly target developing and emerging markets, where financial inclusion rates are low. In those countries, many microentrepreneurs as well as small and medium enterprises ("SMEs") have limited or no access to capital, thus being severely restricted in their income and growth perspectives. This aspect has been evidenced by several studies including such authored by the IFC.[9]

On the level of the investees, the refinancing loans serve to grow their loan portfolio (thus enabling them to broaden their client base) and / or to replace existing loans with less favorable terms. In order to mitigate liquidity risks of the investees, cashless rollovers are offered whenever possible. By providing loans in fourteen different local currencies (as of February 28, 2025), the borrowers are shielded as much as possible from foreign exchange risks. In addition, IIV works with MFIs to integrate outcomes tracking and reporting and aims to promote high standards of client protection (non-financial contribution). This is achieved by requiring each MFI to make a commitment to the principles of the UN Global Compact, the ILO Labour Conventions and the Client Protection Standards.[10]

On the level of the sub-borrowers, IIV's general contribution to increasing financial inclusion (i.e. the number of microentrepreneurs and SMEs supported) is logically derived from the amount the funds managed by IIV add by their investments into refinancing loans in relation to the respective financial institution's gross loan portfolio. In the context of investment decisions, IIV analyzes its contribution to the achievement of impact outcomes.

In this regard, IIV monitors its contribution via the funds to the aforementioned SDGs and to serving sub-borrowers at the bottom of the pyramid with increased access to inclusive finance by monitoring and evaluating the indicators presented under Principle 6.

The impact thesis is stated transparently in each fund's prospectus, the respective investing guidelines as well as in publications such as the quarterly Factsheets and annual Impact Reports.

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[9] See, e.g., IFC (2017). MSME Financing Gap. An Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets. Washington DC.: International Finance Corporation.

[10] https://cerise-sptf.org/client-protection-main/

PRINCIPLE 4

Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could reslt in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

According to IIV's two-fold approach (see also Principle 2) each investment is assessed prior to the investment decision by answering the above-mentioned questions in the following manner:

1. What is the intended impact?

In general, the funds managed by IIV have the goal of making sustainable investments with a social objective. As specified in each fund's prospectus, this refers explicitly to addressing economic and / or social inequality and promoting social and / or economic inclusion. This objective is pursued, among other things, through financial inclusion, i.e. access to meaningful and affordable financial products for individuals and for micro-, small and medium enterprises (MSMEs) in emerging markets. Only financial institutions that meet the impact objective of the respective fund will be selected for a potential investment. This analysis is conducted by the investment managers and includes, for example, an analysis of targeted beneficiaries, the social objectives and products and services offered by the respective institution. The analysis is done by reviewing different documents such as an eligibility memo, a social dashboard and score from SPI5-ALINUS, a risk opinion and an Investment Committee memo prepared by the external advisor in the given transaction. IIV uses that information to complete a proprietary scorecard, which allows for standardized comparison across investment opportunities.

2. Who experiences the intended impact?

The funds managed by IIV refinance specialized financial institutions, which focus on granting loans to MSMEs. The beneficiaries experiencing the intended impact are the sub-borrowers of these investees. The potential financial institutions to be refinanced are subject to a due diligence process in which their social performance is assessed. Within the process, the investment managers analyze the portfolio data of the potential investees to develop an understanding of who will be the end-beneficiaries of the investment and to determine whether the potential investee matches the impact goal of the respective fund. A statement on the actual impact can only be made in the context of the impact measurement process (Principle 6).

3. How significant is the intended impact?

As part of the due diligence review, the recipient institution's social performance is determined by using SPI5-ALINUS, which creates a score for each investment (ESG score, see also Principle 2) prior to the investment. As the tool measures the maturity of the respective investee's environmental and social performance management system, IIV expects that investees with a more mature system (and with more advanced ESG practices) will have a greater likelihood of contributing to positive impacts. Potential negative impacts (impact risks) are analyzed within the ESG risk management process (see Principle 5) and will be further enhanced by analyzing the PAIs in the future.

PRINCIPLE 5

Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Like the impact management process mentioned in Principle 2, at Invest in Visions, ESG risks are embedded in the entire investment process and internal policies and form part of the **ESG assessment** (see also Figure 2). For funds with a defined sustainability objective according to Art. 9 of the SFDR, like the ones IIV manages, ESG risks must be included in the investment decision. To ensure the broadest possible analysis of sustainability risks in the phase preceding the investment decision, a risk inventory must be carried out. The resulting risk inventory list provides the basis for identifying and assessing sustainability risks.

IIV's ESG risk integration process, which applies to all its investments, includes the following steps:

- Receipt of information from investment managers / advisors (e.g. Investment Committee proposal, risk opinion)
- Analysis by IIV based on risk inventory list
- Identification of material ESG risks based on the advisor risk opinion and an internal analysis by IIV
- Discussion of material risks with investment manager during Investment Committee meeting
- Incorporation of ESG risks into investment decision based on risk appetite (including the possibility of deciding not to invest)
- Documentation of including ESG risks in the investment decision in the Investment Committee protocol
- Monitoring of ESG risks and assessment of emerging risks in the Portfolio Risk Committee (PRC)

ESG performance is measured using the SPI5-ALINUS Tool (see Principle 2 and Figure 1). Additionally, screening for exclusion criteria and norm-based screening are conducted during the pre-investment phase to prevent negative adverse impacts.

IIV's monitoring activities are supplemented by the Principal Adverse Impacts on sustainability factors provided for by the SFDR. The PAIs are being covered within SPI4-ALINUS from the first quarter of 2023 onward and are also part of the respective loan agreement with the borrowing institutions. Thus, the respective sustainable investment strategy of each fund, the consideration of material adverse impacts on sustainability factors and the application of exclusion criteria contribute to reducing the sustainability risks.

As investment and portfolio manager to debt funds, IIV's engagement is limited to an exchange with the investees on their financial and social performance. This differs greatly from the engagement exercised, for example, by equity investors. This approach is already integrated into IIV's sustainability strategy and established as a formal objective at the portfolio level. In the event of non-compliance with the agreed indicators and thresholds by a borrowing institution, loan renewals may be denied.

PRINCIPLE 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

To monitor the progress of the investments in achieving impact, IIV collects and analyzes on a quarterly basis contractually agreed output data on impact indicators from its investees. The choice of indicators is based on the standardized MFI Factsheet which is also used for collection. This allows IIV to compare, compile and aggregate impact performance. Based on this data, weighted values are calculated on a portfolio level, i.e. values that correctly reflect the weight of the respective loan in the overall portfolio of each fund. The collection of these indicators allows IIV to assess whether the expected impact of the funds managed by IIV, i.e. serving microfinance borrowers at the base of the pyramid in order to contribute to the achievement of the aforementioned SDGs, is reached. It also permits IIV to identify any potential "mission drift" in the overall direction of a supported financial institution. Failure on the part of an investee to report on these indicators may result in a covenant breach and will be acted upon accordingly.

The following are the indicators used with respect to each relevant SDG:

SDG 1: No poverty – End poverty in all its forms everywhere

- Average loan size
- Share of rural borrowers

SDG 5: Gender equality – Achieve gender equality and empower all women and girls

- At the investee level: share of female management
- At the investee level: share of female staff
- Number of female borrowers
- Volume of loans to women
- Number of female savers

SDG 8: Decent work and economic growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Number of borrowers reached
- Volume of loans
- Share of loans for productive activities vs. consumption

SDG 10: Reduced inequalities – Reduce inequality within and among countries

- Volume and proportion of loans disbursed in low-income countries

For each SDG and related indicators, specific goals at portfolio level are set. Compliance with the target values at portfolio and investment level is reviewed at quarterly intervals in the monitoring process. The results of the monitoring process are discussed during the Impact & Sustainability Committee meeting, which takes place each quarter. It consists of members of the Senior Management, Impact & Sustainability and Portfolio Management teams and takes decisions on impact issues and, if necessary, the non-renewal of loans.

PRINCIPLE 7

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

The funds managed by IIV as of the date of this statement are open-ended debt funds. Therefore, their exit from an investment is normally determined by the tenor of each loan agreed with the respective investee at the time of the investment decision.

However, IIV's goal is the creation of long-term business relationships with partner (investee) institutions, even beyond repayment. Therefore, debt investments nearing maturity are regularly reassessed with a view to a potential renewal. Based on the liquidity needs of the investee and the analysis conducted prior to each investment (including financial indicators, ESG analysis, macro-economic situation), loans can be renewed. It is also necessary that the activities of the investee are still in line with the goals of IIV. If this is not the case, the Impact & Sustainability Committee can decide not to renew or to reduce an exposure.

In addition, IIV takes measures to respond to the particular needs of its partner MFIs, especially as it relates to unforeseen circumstances i.e., as was the case during the Covid-19 pandemic, or natural disasters. When necessary to preserve impact, IIV supports MFIs by offering maturity date extensions and interest rate adjustments as needed.

PRINCIPLE 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

IIV's impact management approach includes an analysis and disclosure of social performance indicators on a quarterly basis. Moreover, the overall impact performance is disclosed in the yearly Impact Report[11]. The monitoring process also includes an ongoing screening element for potentially controversial activities of the investees and their potential negative impact. Such potential negative impact is analyzed with information provided by IIV's investment advisors and is part of the PAI collection process in accordance with the SFDR.

IIV compares the actual impact data with targets and expectations. If the performance of an investee is not in line with expectations or investment criteria, internal corrective measures from the respective investee are required. Developments in this regard are discussed in the Impact & Sustainability Committee taking place on a quarterly basis. The findings of these reviews are then integrated in upcoming investment decisions as well as during the loan renewal process.

Any irregularities that have occurred in the impact monitoring process lead to a review of processes and investment decisions and will be corrected in the yearly update of respective policies.

[11] The impact reports can be found here: https://www.investinvisions.com/en/blog/impact-report/

PRINCIPLE 9

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

With the publication of this statement on its website (https://www.investinvisions.com/de/impact/opim.html), IIV confirms the compliance of its impact management system with the Impact Principles. IIV commits to update and publish this statement on an annual basis.

Independent verification is to take place on a regular basis. IIV has completed its first verification within twelve months from the date of the first Disclosure Statement to the Impact Principles. The first verifier statement was published on February, 2023. A re-verification was conducted in October 2024. The conclusions of the most recent verification statement and the current disclosure statement are available on the company's website (https://www.investinvisions.com/impact-esg/the-impact-principles/). The independent verifier is BlueMark, a Tideline company, which is headquartered at 915 Battery St, San Francisco, CA 94111, USA. BlueMark was incubated and launched by Tideline, a leading women-owned impact investing consultancy who recognized that the next essential step in the market's development was independent impact verification. BlueMark evaluates and verifies how clients approach the *impact* in impact investing based on accepted industry standards.

Founded in 2006 by Edda Schröder, Invest in Visions GmbH specializes in managing sustainable investments for and by social impact funds. Currently, 811.78 million euros are under management in the core areas of microfinance and Impact Investing (as of March 31, 2025). Invest in Visions provides institutional and private investors with access to investments that offer social returns in addition to financial returns, and which have a positive impact on society and the environment.

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