Principal Adverse Impact Report

FMO Privium Impact Fund

Introduction

This is the Principal Adverse Impact Report of FMO Privium Impact Fund[1] covering the reporting period from 1 January 2025 until 31 December 2025. This report gives insight into how each Principal Adverse Impact indicator was addressed and reported on during the reporting period.

This Principal Adverse Impact statement concerns the following classes of the Fund:

CLASS A ISIN CODE: NL0011765904 VALOREN: CH31830495 BLOOMBERG: FPIFAUA NA	
CLASS B-A ISIN CODE: NL0013691314 VALOREN: 49111857 BLOOMBERG: FPIFBAE NA	**CLASS B-D** ISIN CODE: NL0011765912 VALOREN: CH31833958 BLOOMBERG: FPIFBED NA
CLASS F ISIN CODE: NL0012135750 VALOREN: CH035027128 BLOOMBERG: FPIFFEA NA	
CLASS I-A ISIN CODE: NL0012818223 VALOREN: CH40798031 BLOOMBERG: FPIFIEA NA	**CLASS I-D** ISIN CODE: NL0012939029 VALOREN: CH42104370 BLOOMBERG: FPIFIDE NA
CLASS U-A ISIN CODE: NL0013380173 BLOOMBERG: FPIFUAU NA	**CLASS U-D** ISIN CODE: NL0013380181 BLOOMBERG: FPIFUDU NA

This document is not marketing material.

[1] Legal Entity Identifier: 724500QHNLXM39RBB475

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Summary

The FMO Privium Impact Fund (**FPIF**, the **Fund**) considers the Principal Adverse Impact (**PAI**) of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. This report is the consolidated statement on the PAI indicators on sustainability factors of the Fund's investments over the period of 1 January 2025 to 31 December 2025.

During the reporting period, the Fund made both socially and environmentally responsible investments, thereby aiming to provide investors with an attractive financial return while at the same time striving to create impact in developing and emerging markets. The impact of the Fund was measured according to the impact methodology developed by FMO N.V. (**FMO**). In the context of the European Union's Sustainable Finance Disclosure Regulation (**SFDR**), the Fund is classified as an Article 9 fund. The related periodic disclosure is included in the Fund's annual report and prospectus published on the website[2] of the Fund's investment manager.

The Fund strives to achieve a measurable positive impact and as part of the Fund's investment approach it is aware of and mitigates the negative impacts that the investments may have where possible. These impacts can occur in different areas, such as environmental, social and governance (**ESG**) issues, employee matters, human rights, corruption, or bribery matters. The Fund aims to address, by avoiding or reducing, the PAI of its investments.

In addition to the Fund's PAI indicators over the reference period, its overall approach to identifying, prioritising, and addressing PAI of its investments is detailed in this report. In line with the Fund's strategy, sourcing of investments as well as the collection of PAI, the collection of related data and engagement is performed by the Fund's investment advisor in close relationship with FMO and the Fund's investment manager who makes the final investment decision and is responsible for all Fund related disclosures. This means that this report has been prepared with the support of FMO materials. Prior to making its investment decision, the Fund's Investment Committee (**IC**) reviews FMO's analyses on the PAI of the proposed investment as well as any mitigating factors and engagement actions for alignment with its own PAI policy. FMO's policies and procedures regarding PAI is reviewed annually by the Fund's investment manager.

The report consists of the following sections:

A. Description and reporting of principal adverse impact (PAI)
This section describes the PAI indicators related to sustainability factors over the reporting period. This is done by way of tables containing both the mandatory and voluntary PAI indicators and data, as well as how the indicators are embedded in the Fund's data collection and monitoring process. In addition, the tables contain information regarding the engagement actions taken and planned by the Fund to obtain missing information or further improve the data quality.

B. Identification and prioritisation of principal adverse impact
This section provides information about the Fund's approach to investing and relevant policies on the identification and prioritisation of PAI. Since FPIF is an impact fund, sustainability factors are considered prior to investing and monitored throughout the investment process. All investments made by the Fund are screened against sustainability factors and are linked to both positive impacts and PAI.

Given the diverse nature of the Fund's investments, PAI are prioritised per investment theme. If the Fund adds another impact theme, it will receive its own prioritisation of PAI. For each (potential) investment,

[2] www.priviumfund.com/fmo-privium-impact-fund

the ESG risks are assessed, and possible improvements are identified. If deemed necessary, an Environmental and Social Action Plan (**ESAP**) is agreed upon prior to investment and becomes part of the financing conditions which are legally binding. Compliance with and material completion of the ESAP is considered by the Fund before making an investment decision.

C. Engagement policies and procedures

The Fund or the Fund's investment manager does not directly engage with investee clients or underlying borrowers. All engagement is performed by FMO on behalf of the Fund. FMO starts engaging with its clients prior to investment and will include improvements on ESG issues as a condition for investment when applicable.

FMO has implemented multiple tools for tracking ESG performance. The PAI are considered throughout the engagement process and influence the applicable engagement track and subsequent progress monitoring. The Fund only considers new investments when it clears predetermined minimum requirements, has committed to the set reporting requirements, and does not do significant harm to an environmental or social objective.

D. International standards

The Fund's ESG policy requires that all investee clients comply with FMO's responsible finance approach. This approach entails the exclusion of certain consumer finance activities, and the adoption of the Centre for Financial Inclusion's Client Protection Principles (**CPP**) which define the minimum standards that end-borrowers should expect to receive when doing business with an entity providing financing to natural persons. In addition, FMO upholds the following standards, amongst others, as applicable: the IFC Performance Standards, World Bank Group Environmental Health and Safety Guidelines, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, UN Principles for Responsible Investment, and EDFI Principles for Responsible Financing of Sustainable Development.

E. Historical comparisons

The PAI indicators and data for the Fund as of December 31, 2025 are compared across the previous reporting periods, namely 2022 to 2024.

A. Description and reporting of Principal Adverse Impact

Description of Principal Adverse Impact

The first table describes the PAI indicators, additional indicators the Fund reports on as well as how each specific indicator is embedded in FMO's data collection and monitoring process. The second table contains the PAI data over the reporting period as well as any actions taken or planned to improve the reported data.

It should be noted that the Fund's investments are made in developing and emerging markets outside of the European Union, none of the investee clients are in scope of the SFDR and thus are not required to disclose sustainability-related information. All PAI data for this reporting period is based on what FMO has either collected from its clients or obtained through impact models. The regulation around PAI is relatively new and reporting is still developing in terms of coverage, quality, and standardisation. Investors are advised to consider the reported PAI of the Fund in this context.

Although the collection of PAI data from investee clients is often challenging, both the Fund and FMO underscore the intentions of the SFDR and other sustainability regulation. The Fund strives to continuously improve data collection and analysis, impact modelling and reporting.

Principal Adverse Impact Indicator		Metric	Description of policy, measurement and intensions
GHG Emissions	1. GHG emissions	Scope 1 GHG emissions	Amount of greenhouse gases (**GHG**) emitted through the investee client's operations from direct emissions sources during the reporting period. The GHG Protocol defines direct emissions as emissions from sources that are owned or controlled by the reporting entity. Scope 1 emissions are calculated by dividing the current value of investment by the investee client's enterprise value multiplied with GHG emissions from the investee client. The usage of enterprise value to calculate the "fair share" or "attributed amount" is in line with the PCAF standard. For non-listed investee clients, the sum of total debt and equity is used to calculate the total value. FMO uses the Joint Impact Model (**JIM**) to calculate GHG emissions. JIM is a publicly available model, which enables the quantification of GHG emissions, value added, and (direct and indirect) jobs supported related to investments of financial institutions with operations in developing countries. Using input data such as revenue and power production from investment portfolios, the JIM enables users to estimate financial flows through the economy and its resulting economic (value added), social (employment) and environmental (GHG emissions) impact.
		Scope 2 GHG emissions	Amount of GHG emitted through the investee client's consumption of purchased electricity, heat, or steam during the reporting period.
		Scope 3 GHG emissions	Amount of GHG emitted by the investee client's suppliers and suppliers of suppliers during the reporting period, except from direct energy providers (Scope 2 GHG emissions).
		Total GHG emissions	Total of Scope 1, Scope 2 and Scope 3 GHG emissions.
	2. Carbon footprint	Total GHG emission of investee clients per million Euros invested	The carbon footprint is calculated as GHG emissions expressed as tonnes of Scope 1, 2 and 3 emissions per million Euros invested by the investee client. The JIM is used to calculate the carbon footprint of investee clients.
	3. GHG intensity	GHG intensity of investee clients	The JIM is used to calculate the GHG intensity of investee clients.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The Fund does not directly invest in clients that are active in the fossil fuel sector. Any exposure to the fossil fuel sector is indirect, that is, via financial institutions that may have a loan portfolio including borrowers active in this sector.

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee clients from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	<u>Production</u> FMO monitors the energy production by its clients in the (renewable) energy sector. FMO currently does not monitor renewable energy production supported by the financial institutions it finances. The Fund does not have direct exposure to companies or projects in non-renewable energy production. <u>Consumption</u> As of 2024, FMO has started to use the JIM for energy consumption by its clients.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million Euros of revenue of investee clients, per high-impact climate sector	As of 2024, FMO has started to use the JIM for energy consumption by its clients. The high-impact climate sectors included are: (1) manufacturing, (2) electricity, gas, steam and air conditioning supply, (3) wholesale and retail trade, repair of motor vehicles and motorcycles, (4) financial and insurance activities, (5) agriculture, forestry and fishing, (6) construction, (7) professional, scientific and technical activities, and (8) transportation and storage.
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee clients with sites/operations located in or near to biodiversity sensitive areas where activities of those investee clients negatively affect those areas	FMO applies IFC Performance Standard 6 on biodiversity and living natural resources. FMO is using screening tools, such as the Integrated Biodiversity Assessment Tool (**IBAT**). IBAT contains data on "biodiversity sensitive areas" within the meaning of the SFDR. The screening may be complemented with external consultants' advice and site visits. An "adverse effect" can be inferred from the investee client's performance assessment on IFC Performance Standard 6. Underperformance may indicate "adverse effect on biodiversity-sensitive areas". This information is reviewed by FMO for high-risk (direct) clients. Low-risk (direct) clients are borrowers that do not have facilities or activities in or near biodiversity-sensitive areas where the activities of those clients would have a negative impact on those areas.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee clients per million Euros invested, expressed as a weighted average	FMO's data collection is based on the World Bank's Environment, Health, Safety (**EHS**) Guidelines. Although these guidelines are considered best practice in emerging markets, they do not provide data as required by the SFDR. Therefore, the Fund currently cannot report on this indicator of emissions to water generated by investee clients.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee clients per million Euros invested, expressed as a weighted average	FMO's data collection is based on the World Bank's EHS Guidelines. Although these guidelines are considered best practice in emerging markets, they do not provide data as required by the SFDR. Therefore, the Fund currently cannot report on this indicator of hazardous waste generated by investee clients.

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (**OECD**) Guidelines for Multinational Enterprises	Share of investments in investee clients that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	FMO has adopted the OECD Guidelines for Multinational Enterprises. Violations of OECD Guidelines cover Disclosure, Human Rights, Employment and Industrial Relations, Environment, Combating Bribery, Bribe Solicitation and Extortion, Consumer Interests, Science and Technology, Competition, and Taxation. Clients are contractually obliged to report violations. In addition, violations may also be made known to FMO by external stakeholders such as civil society organisations or affected communities. FMO considers engaging a specialised external provider since violations may not be self-reported by clients. The external provider's results are complemented with FMO's own monitoring information where appropriate.
	11. Lack of processes to monitor compliance with OECD Guidelines for Multinational Enterprises and UN Global Compact principles.	Share of investments in investee clients without processes to monitor compliance with or complaints handling regarding the OECD Guidelines for Multinational Enterprises and UN Global Compact principles.	FMO's external policy commitments include, among others, the IFC Performance Standards, the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Having an Environmental & Social (**E&S**) Management System (including a Grievance Mechanism) is a requirement under the mentioned policy commitments. FMO has taken a risk-based approach to implement policy commitments in the portfolio and performs a qualitative review of the E&S Management System, including the External Grievance Mechanism, of high-risk clients at the time of contracting and periodic reviews.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee clients	Since FMO only collects data on the number of male and female employees and employee wages but not wages of male and female employees separately, the Fund cannot report the unadjusted pay gap. FMO is discussing alignment and progress with other European Development Finance Institutions (**EDFIs**). FMO has committed to gender equality in its Sustainability Policy, which is its leading policy instrument in guiding positive impacts on ESG issues. Assessment and management of gender impacts and risks are guided by the IFC Performance Standards. IFC Performance Standard 2 requires investee clients to ensure non-discrimination and equal employment opportunities (including pay) and the occupational health and safety of both women and men.
	13. Board gender diversity	Female board members expressed as a percentage of all Board members	FMO has committed to gender equality in its Sustainability Policy, which is its leading policy instrument in guiding positive impacts on ESG issues. Assessment and management of gender impacts and risks are guided by the IFC Performance Standards. IFC Performance Standard 2 requires investee clients to ensure non-discrimination and equal employment opportunities and the occupational health and safety of both women and men. To positively contribute to the inclusion of women as participants in the economy, FMO targets investments that support female entrepreneurs, reach women as end-users of goods and services and include women in the labour market. Additionally, FMO supports initiatives and networks for women in leadership positions, such as the Global Banking Alliance for Women, and is actively seeking opportunities to consider female candidates to nominate for Board positions of investee clients.

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee clients involved in the manufacture or selling of controversial weapons	Following FMO's exclusion criteria, FMO will not finance any business or trade involved in weapons and munitions if these form a substantial part of the operations of a company, financial institution, or investment fund. For companies and investment funds, "substantial" means more than ten percent of the consolidated balance sheet or earnings, while for financial institutions it means more than ten percent of its loan portfolio.
Voluntary PAI 1	Rate of accidents	Number of accidents at investee clients	Investee clients are contractually obliged to report serious work-related incidents such as fatalities, injuries and accidents. In addition, work-related incidents are reported by NGOs and via FMO's Independent Complaint Mechanisms. The Serious Incidents Register is used to monitor serious incidents across FMO's clients. In all such cases, a root cause analysis (**RCA**) is requested from the client in order to promote learning and prevention. FMO may also conduct portfolio level RCAs to improve processes with respect to client incident management.
Voluntary PAI 2	Emissions of ozone-depleting substances	Tonnes of ozone depleting substances equivalent per million Euros invested, expressed as a weighted average	According to the exclusion criteria of FMO, the Fund does not invest in clients that use or are involved in the trade of ozone depleting substances.

Reporting of the Principal Adverse Impact

In below overview distinction is made between direct and indirect borrowers or financing. All borrowers in the Renewable Energy and Agribusiness, food and water sectors are considered as direct investments. Financial institutions are considered as indirect, thus indirect financing, as many of the PAIs refer to their portfolio versus their own organisation.

Principal Adverse Impact Indicator		Metric	2025	2024	Actions taken/planned
GHG Emissions	1. GHG emissions (tonnes of CO_2)	Scope 1 GHG emissions	4,057	6,107	FMO is a member of the JIM Foundation and supports the continuous development of the JIM. In the coming years, the JIM will continue to add and refine metrics and improve its methodology.
		Scope 2 GHG emissions	2,919	2,177	
		Scope 3 GHG emissions	52,593	59,993	
		Total GHG emissions	59,569	68,278	
	2. Carbon footprint	Carbon footprint (per €1 million invested)	432	501	
	3. GHG intensity of investee client	GHG intensity of investee clients (per €1 million of revenue)	2,012	2,464	This PAI uses the revenue of an investee client.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in investee clients active in the fossil fuel sector	0%	0%	The Fund does not invest in any clients with exposure to the fossil fuel sector due to a purpose clause included in the loan documentation.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee clients from non-renewable energy sources compared to renewable energy sources, expressed as percentage	Consumption: 78.8% Production: 0%	Consumption: 73.3% Production: 0%	Since the implementation of the JIM version 3.1, it is possible to report on this PAI.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million Euros of revenue of investee clients, per high impact climate sector	0.18	0.35	Since the implementation of the JIM version 3.1, it is possible to report on this PAI. The high-impact climate sectors included are: (1) manufacturing, (2) electricity, gas, steam and air conditioning supply, (3) wholesale and retail trade, repair of motor vehicles and motorcycles, (4) financial and insurance activities, (5) agriculture, forestry and fishing, (6) construction, (7) water supply, sewerage, waste management and remediation activities (8) transportation
		Manufacturing	0.13	0.19	
		Electricity, gas, steam and air conditioning supply	0.01	0.14	

		Wholesale and retail trade, repair of motor vehicles and motorcycles	0.02	0.02	and storage, (9) mining and quarrying, and (10) real estate activities. The reported metric is the sum across these high-impact sectors.
		Financial and insurance activities	0.01	0.01	
		Agriculture, forestry and fishing	0.01	0.00	
		Construction	0.00	0.00	
		Water supply, sewerage, waste management and remediation activities	0.00	0.00	
		Transportation and storage	0.00	0.00	
		Mining and quarrying	0.00	0.00	
		Real estate activities	0.00	0.00	
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee clients with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee clients negatively affect those areas	0.6%	0.6%	The percentage reported reflects the loans where FMO is collecting additional data for full compliance with IFC Performance Standard 6 (Biodiversity), which has a broader scope than biodiversity sensitive areas only. Therefore, this additional analysis does not necessarily mean that the investment negatively affects biodiversity sensitive areas.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee clients per million Euros invested, expressed as a weighted average	N/a	N/a	
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee clients per million Euros invested, expressed as a weighted average	N/a	N/a	
	Optional Environmental PAI: Emissions of ozone-depleting substances	Tonnes of ozone depleting substances equivalent per million Euros invested, expressed as a weighted average	0%	0%	According to the exclusion criteria of FMO, the Fund does not invest in clients that use or are involved in the trade of ozone depleting substances.
Social and employee matters	10. Violations of UN Global Compact principles and	Share of investments in investee clients that have been involved in violations of the UNGC	0%	0%	

	Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	principles or OECD Guidelines for Multinational Enterprises			
	11. Lack of processes to monitor compliance with OECD Guidelines for Multinational Enterprises and UN Global Compact principles	Share of investments in investee clients without processes to monitor compliance with or complaints handling regarding the OECD Guidelines for Multinational Enterprises and UN Global Compact principles	3.5%	4.0%	According to minimum standards of FMO, the Fund does not invest in a client if there are known violations of the OECD Guidelines or UN Global Compact principles, or if controls are deemed insufficient. The reported percentage relate to clients where FMO is working with to improve controls beyond the minimum threshold for investment via an action plan, ongoing engagement, and other operational support.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee clients	N/a	N/a	FMO has committed to gender equality through its Sustainability Policy. Therefore, this topic has high priority. So far, no investee funds have reported on this PAI yet.
	13. Board gender diversity	Average ratio of female to male Board members of investee clients	19.0%	19.1%	The methodology used to calculate Board gender diversity varies across investee clients, which is posing challenges when aggregated.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee clients involved in the manufacture or selling of controversial weapons	0.0%	0.0%	Following FMO's exclusion criteria, FMO will not finance any business or trade involved in weapons and munitions if these form a substantial part of the operations of a company, financial institution, or investment fund. For companies and investment funds, "substantial" means more than ten percent of the consolidated balance sheet or earnings, while for financial institutions it means more than ten percent of its loan portfolio.

	Optional Social PAI: Rate of accidents	Rate of accidents at investee clients per million Euros invested	2.4%	0.0%	In 2025, six fatal accidents occurred at investee clients. The accidents were reported by the client itself, and steps have been taken by the client both in researching how the incident could have happened and to prevent any future incidents.

B. Identification and prioritisation of Principal Adverse Impact

This section provides information about the Fund's approach to investing and relevant policies on the identification and prioritisation of PAI. Since FPIF is an impact fund, sustainability factors are considered prior to investing and monitored throughout the investment process. All investments made by the Fund are screened against sustainability factors and are linked to both positive impacts and PAI.

Identifying Principal Adverse Impact

The Fund considers PAI of its investments on sustainability factors as part of its investment due diligence process and procedures. For sustainable investments this means ensuring that the investments do no significant harm to any environmental or social objective. By mapping the PAI framework to FMO's extensive analysis of local and international environmental, social and human rights regulations, each investment is screened on potential significant harm. If a potential investment is deemed to do significant harm to an environmental and/or social objective, it is excluded by FMO and therefore not eligible for the Fund.

FMO requires that all of its clients comply with applicable environmental, social and human rights laws in their home and host countries. In addition, FMO upholds multiple international standards as included in FMO's Sustainability Policy and its Sustainability Policy Universe.

With respect to the management of environmental and social impact, the primary standards that guide FMO's relationship with its clients are the IFC Environmental and Social Performance Standards and the associated World Bank Group Environmental Health and Safety Guidelines. They cover the larger part of the ESG requirements in the OECD Guidelines on Multinational Enterprises, which also reference the UN Guiding Principles on Business and Human Rights.

The IFC Performance Standards guide FMO's human rights due diligence with respect to its clients. FMO requires clients to assess the likelihood and severity of impact on human rights as part of their assessment of social and environmental impact, and to implement mitigation measures in line with the IFC Performance Standards. As part of the Sustainability Policy Universe, FMO has published several policy and position statements[3] that further clarify FMO's views and actions.

The Fund's investment manager reviews FMO's investment policies at least annually, including the review of policies and procedures to identify and prioritise PAI as well as their application to the Fund's investments.

Prioritising Principal Adverse Impact

For each investment, FMO assesses the ESG risks and identifies where improvements on top of its minimum requirements can and should be made. If deemed necessary, an ESAP is agreed upon prior to investment and becomes part of the financing conditions which are legally binding. Compliance with and material completion of the ESAP is considered by the Fund before making an investment decision.

The PAI indicators that the Fund has reported in this period are deemed to be most material. Next to the current PAI indicators, FMO is making progress towards collecting additional PAI indicators and data. The voluntary PAI indicators were selected based on materiality, and data availability and quality. If PAI data is not directly available from the client, PAI may be either modelled with the JIM or via third-party providers. For instance, the JIM measures the number of indirect jobs supported by the Fund investments

[3] www.fmo.nl/policies-and-position-statements

and the carbon footprint of such investments. The JIM calculates how a capital investment is expected to influence production, economic growth, jobs and GHG emissions per country. It also uses macroeconomic and GHG emission databases, giving fair estimations – based on historic country averages – of the impact of the Fund investments on the economy and GHG emissions levels of a country. The JIM is a portfolio-level tool that relies on modelling, using statistics reflecting sector and country averages. Impact results from the JIM can be considered robust at the portfolio level.

C. Engagement policies

Investee client engagement

The Fund does not directly engage with investee clients. All engagement on behalf of the investments of the Fund is carried out by FMO.

As described in FMO's annual reports, FMO has implemented five management tools for monitoring ESG performance. The Fund's PAI is considered in each stage of the engagement process and informs the applicable engagement track and subsequent progress monitoring as follows:

1. The ESG performance target applies to the high-risk portfolio and aims to have at least 90 percent of high and medium risks managed at a satisfactory level. A client loan is not eligible for the Fund's portfolio until it passes FMO's PAI analysis and ESG performance target.
2. For clients with contractually agreed ESAPs, FMO monitors progress towards ESAP implementation to ensure that FMO's investments comply with its policies and standards within a reasonable time period. Compliance with and material completion of the ESAP is considered by the Fund prior to making an investment decision and throughout the investment monitoring process.
3. All high and medium E&S risks of high-risk clients, which are not yet managed at a satisfactory level, are included in the E&S Management System's gap analysis. After identifying any gaps, FMO engages with the clients to resolve these. A client with insufficient management of E&S risks is not considered for investment by the Fund.
4. The Serious Incidents Register is used to monitor client reports of adverse events across FMO's portfolio such as fatalities, serious injuries and environmental accidents. In all such cases, an RCA is requested from the client in order to promote learning and prevention. FMO may also conduct portfolio-level RCAs to improve FMO's processes with respect to client incident management. A satisfactory result from the RCA and sufficient mitigation is required to keep the client eligible for inclusion in the Fund portfolio.
5. FMO's Independent Complaint Mechanisms enables the resolution of disputes, organisational learning and the improvement of FMO's current and future operations.

FMO accepts that when it initially provides a loan to a client, the ESG performance may be below standard. FMO does, however, expect ESG performance to improve over time in line with agreed ESAPs. Most clients exhibit progress towards these plans. FMO closely works with these clients to address such gaps in order to fully realize their positive impact potential. The Fund only invests in clients that sufficiently demonstrate progress in ESAPs and address their PAIs while avoiding any significant harm to an environmental or social objective. In case insufficient progress is made, FMO will attempt to bring the client back on track within a reasonable timeframe. In some case the E&S issues are irreversible, while in other cases the issues may be the result of a bigger (financial) problem the client is facing which requires the restructuring of a loan or a (partial) write-off.

In addition to financing, FMO also offers advisory services and technical assistance to support clients in maintaining profitable and sustainable businesses. These consist of the design and implementation of ESG risk mitigation measures, master classes and events, capacity development and sector initiatives that enhance ESG industry standards.

The reporting by FMO is based on data received from its clients stored in the Sustainability Information System (**SIS**) or Serious Incidents Register. Adherence to FMO's exclusion list and ESAP progress are also monitored via the SIS. Next, the data is used by the JIM to calculate the Fund's attainment of its

sustainable objectives as well as its progress on the PAI indicators. The JIM methodology is publicly available via its dedicated website[4].

Industry and public policy engagement

FPIF did not directly engage in any industry or public policy engagement during the reporting year. Such engagement is performed by FMO on behalf of the Fund.

FMO closely works with various Development Finance Institutions (**DFIs**) to promote harmonisation of approached to ESG risks and PAI. Further harmonisation creates a level-playing field, facilitates enhanced impact, and results in efficiencies for clients working with multiple DFIs. The various EDFIs harmonisation workstreams include topics such as fossil fuel exclusions and the update of the Direct Investments E&S standards.

Furthermore, FMO is a member and/or signatory of various industry initiatives or sector organisations to strengthen harmonisation and develop solutions for the emerging markets in which it operates. Industry organisations include the Dutch Banking Association (*Nederlandse Vereniging van Banken*), Global Impact Investing Network (**GIIN**), Partnership for Carbon Accounting Financials (**PCAF**), and UNEP FI / EBF Working Group on Banking and Taxonomy. A comprehensive list is available in FMO's annual report[5]. Lastly, FMO closely works with other EDFIs towards improving alignment on human rights due diligence and it has been an active member of the EDFI Human Rights Working Group.

[4] www.jointimpactmodel.org
[5] https://annualreport.fmo.nl/2025

D. International standards

The ESG policies and procedures of the Fund and FMO are fully aligned. The FMO Sustainability Policy states that FMO requires all clients to comply with applicable social and human rights laws in their home and host countries. FMO's responsible finance approach defines the exclusion of certain consumer finance activities, and the adoption of the CPP which define the minimum standards that end-borrowers should expect to receive when doing business with an entity providing financing to natural persons. In addition, FMO upholds the following international standards, as applicable:

- IFC Performance Standards
- World Bank Group Environmental Health and Safety Guidelines
- OECD Guidelines on Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- UN Principles for Responsible Investment
- EDFI Principles for Responsible Financing of Sustainable Development
- Centre for Financial Inclusion Client Protection Principles

With respect to the management of social impact, the primary standards that guide FMO's relationship with clients are the IFC Environmental and Social Performance Standards and the associated World Bank Group Environmental Health and Safety Guidelines. These cover the larger part of the ESG requirements in the OECD Guidelines on Multinational Enterprises, which also reference the UN Guiding Principles on Business and Human Rights.

The IFC Performance Standards guide FMO's human rights due diligence on its clients. FMO requires clients to assess the likelihood and severity of impact on human rights as part of their assessment of social and environmental impact, and to implement mitigation measures in line with the IFC Performance Standards. In case environmental, social or human rights impacts are identified that the IFC Performance Standards do not sufficiently address, FMO will identify and agree on mitigants by referring to the other international standards above, as applicable.

FMO's position statements formulate its approach and actions in relation to a societal issue. For instance, these statements outline FMO position on gender and human rights.

Pursuant to Dutch law and regulations, FMO's investee clients – including their owners, directors, managers, and other key employees – need to comply with FMO's policies on business integrity and anti-money laundering. Guided by the OECD Convention on Combating Bribery and the UN Convention against Corruption, FMO maintains a zero-tolerance policy regarding bribery and corruption. FMO's Know-Your-Customer Policy describes these policies in further detail.

E. Historical comparison

As this is the Fund's fourth PAI report, the data from this reporting period compared to the previous reporting periods are displayed below.

Principal Adverse Impact Indicator	Metric	2025	2024	2023	2022
1. GHG emissions	$tCO_2eq.$				
Scope 1		4,057	6,107	4,220	4,488
Scope 2		2,919	2,177	2,972	2,770
Scope 3		52,593	59,993	83,329	84,010
Total		59,569	68,278	90,521	91,268
2. Carbon footprint	$tCO_2eq.$ per million Euros invested	432	501	709	691
3. GHG intensity of investee clients	$tCO_2eq.$ per million Euros of revenue	2,012	2,464	5,202	1,486
4. Exposure to funds active in the fossil fuel sector	Percentage	0%	0%	0%	0%
5. Share of non-renewable energy consumption and production	Percentage	78.8%	73.3%	N/a	N/a
		0%	0%	N/a	N/a
6. Energy consumption intensity per high impact climate sector	GWh per million Euros of revenue	0.18	0.35	N/a	N/a
7. Activities negatively affecting biodiversity sensitive areas	Percentage	0.6%	0.6%	2.7%	3.1%
8. Emissions to water	Tonnes	N/a	N/a	N/a	N/a
9. Hazardous waste ratio	Tonnes	N/a	N/a	N/a	N/a
Voluntary: Emissions of ozone-depleting substances	Percentage	0%	0%	0%	0%
10. Violations of UNGC and OECD Guidelines	Percentage	0%	0%	0%	0%
11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines	Percentage	3.5%	4.0%	11.4%	5.6%
12. Unadjusted gender pay gap	Percentage	N/a	N/a	N/a	N/a
13. Board gender diversity	Percentage	19.0%	19.1%	19.6%	20.0%
14. Exposure to controversial weapons	Percentage	0.0%	0.0%	0.0%	0.0%
Voluntary: Rate of accidents	Percentage	2.4%	0.0%	1.3%	0.5%