incofin
invest for impact

Operating Principles for Impact Management

Disclosure Statement

June 2026

Incofin Investment Management ("Incofin IM") hereby affirms its status as a Founding Signatory to the Operating Principles for Impact Management (the "Impact Principles"). The Disclosure Statement applies to all our managed funds as listed below. The total assets under management that are aligned with the Impact Principles is USD 444 million for the financial year ending on December 31st, 2025[1].

- agRIF Coöperatief U.A. (agRIF)
- Agri-Finance Liquidity Facility (ALF)
- Incofin Microfinance Fund (IMF)
- Fairtrade Access Fund S.A., SICAV-SIF (FAF)
- Incofin Inclusive Finance Fund Sub-Fund 1 (IIFF-1)
- Incofin Climate-Smart Fund S.A., SICAV (ICMF)
- Incofin India Progress Fund (IPF)
- Nutritious Foods Financing Facility (N3F)
- RURAL IMPULSE FUND II S.A., SICAV-SIF (RIF II), and
- Water Access Acceleration Fund S.L.P. (W2AF).

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June 2026

Disclaimer

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1 The information provided in this document is correct and up to date as of May 31st, 2026, and has not been updated thereafter.

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 and 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.

Incofin IM is an AIFM-licensed impact fund manager with over 30 years of experience investing in emerging markets. With a global footprint spanning 500+ investees across 80+ countries, we combine scale with deep local expertise. We exist to invest for impact to drive inclusive progress and sustainable transitions.

We manage and advise a range of investment vehicles focused on inclusive finance, sustainable food, and clean water, aiming to deliver positive and measurable social and environmental outcomes, including improved livelihoods, job creation, reduce inequalities, and strengthen climate resilience by expanding access to essential goods and services.

We deliver returns and impact through private equity, debt (senior and subordinated), and technical assistance, with climate and gender considerations built into how we invest. Each fund defines a clear impact objective aligned with the UN Sustainable Development Goals (SDGs), supported by targeted investment strategies designed to achieve these objectives and ensure a credible link between capital deployment and expected outcomes.

Investments are directed towards:

- **Underserved geographies:** Emerging markets, including fragile and post-conflict contexts
- **Vulnerable populations:** Low-income individuals, women, smallholder farmers, and rural MSMEs
- **Excluded segments:** People lacking access to financial services, markets, nutritious food, and safe water

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.

Incofin IM specializes in managing impact. A structured governance and impact management framework is in place that ensures alignment, accountability, and integration of impact across the full investment lifecycle for all funds.

Impact governance is organized around three lines of defense model, ensuring both ESG risk mitigation (“do no harm”) and positive impact creation (“do good”):

- 1st line: Investment teams are responsible for ESG and impact screening, due diligence, and portfolio management.
- 2nd line: The Risk, ESG & Impact team develops frameworks, tools, and processes, and supports implementation across the organization.
- 3rd line: The Management Board and Risk Management Committee provide oversight, set risk appetite, and ensure effective implementation.

Impact is embedded across the investment lifecycle and formalized in investment decisions and legal documentation. Each investment is assessed for alignment with impact objectives, expected outcomes and ESG risks.

At portfolio level, impact is managed through a data-driven framework, including systematic data collection, KPIs monitoring, and aggregation of results against fund-level objectives. Performance is regularly reviewed, and insights are used to inform portfolio management decisions, engagement strategies and strategic adjustments.

Staff incentives are aligned with both impact and financial performance through an inclusive progress management process, ensuring accountability for achieving impact objectives alongside financial returns. As a policy, one-third of everyone’s goals must be impact-related.

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.

Incofin IM establishes its contribution to impact through a clear fund-level impact thesis supported by a theory of change defining development challenges, target populations, and pathways to outcomes. Additionality and contribution are systematically assessed.

Financial Contribution

Incofin IM provides tailored and, where relevant, catalytic financing in underserved markets, structuring investments to address constraints such as limited long-term funding, lack of local currency financing, inflexible repayment schedules.

- Debt investments: Flexible and often unsecured structures, including local currency solutions, to help manage FX risk and liquidity constraints while aligning repayment with cash flows.
- Equity investments: Long-term patient capital enables investees to execute growth and impact strategies not supported by shorter-term or pure commercial funding.

Non-financial Contribution

Beyond capital, Incofin IM enhances impact through targeted engagement:

- Strategic engagement: Board participation and active involvement to support governance, strategy, and long-term impact orientation.
- Technical assistance: Programs strengthen operational capacity, ESG practices, and impact systems, including at the end beneficiary level.
- ESG integration: ESG and impact requirements are embedded in investment agreements and monitored through action plans to improve standards over time.

Ecosystem Contribution

Incofin IM also contributes to the broader impact investing ecosystem through active participation in industry initiatives (e.g., SPTF Social Investor Working Group[2], Impact Principles[3], CSAF[4] and GIIN[5]), supporting the development and application of standards and best practices.

Evidencing Contribution

Contribution is assessed using indicators such as the type of financing provided (e.g., tenor, currency, product), the extent to which investee's needs would otherwise remain unmet, the role of our Funds' financing in the investee's overall funding structure, and whether the fund has influenced the investee's strategic decisions.

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[2] (https://cerise-sptf.org/working-groups/).
[3] https://www.impactprinciples.org/
[4] Council on Smallholder Agricultural Finance (https://csaf.org).
[5] Global Impact Investing Network (https://thegiin.org).

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 result 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 systematic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practices.

Incofin IM conducts systematic ex-ante impact assessment for each investment as part of due diligence, applying the Impact Management Project's (IMP) five dimensions of impact: What, Who, How Much, Contribution, and Risk.

Each investment proposal includes a dedicated ESG and Impact section that assesses expected impact, alignment with the Fund's mandate, and the likelihood of achieving intended outcomes:

- **What:** The intended impact is defined at screening stage through eligibility criteria aligned with the fund's impact thesis and linked to relevant SDGs.
- **Who:** Target beneficiaries are identified through desk review, due diligence, including analysis of end-user characteristics (e.g., income level, gender, rurality), product offering, and geographic outreach.
- **How much:** The expected scale and depth of impact are assessed using quantitative and qualitative indicators, supported by historical performance, projections, and market analysis.
- **Contribution:** The role of the Fund's investment in enabling outcomes is assessed.
- **Risk:** Key risks to achieving impact are identified, including execution risk, external factors, and data limitations.

Where available, Incofin IM uses industry-recognized tools to set an ESG and Impact Rating for each investee (SPI5-ALINUS, RAI). Where the market is still niche, we develop our own proprietary tools to assess investee practices against ESG and responsible business standards, supporting a consistent and structured assessment.

We assess the likelihood of an investee achieving expected impact based on the strength of the business model, execution capacity, and external risk factors, informed by due diligence findings, historical data, engagement with investee management and stakeholders, and market and sector analysis to contextualize the development change and scale.

Where material risks to impact are identified, mitigation measures are incorporated into the investment through covenants, action plans, and/or technical assistance. Expected impact and associated risks are formally considered as part of the investment decision process.

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 their investee to seek its commitment to take action to address potential gaps in the 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.

All our Funds are classified as SFDR Article 9. Incofin IM manages potential negative impacts through a structured sustainability risk management framework that is embedded in the investment process and is defined in its Sustainability Risk Policy[6] (latest approved in September 2024) and applied across all investments. Principal Adverse Impacts (PAIs) [7] are assessed, monitored, and disclosed across funds as per regulation.

Our four-step process takes a double materiality approach:

- **Identify:** Sustainability risks and principal adverse impacts are identified at screening stage through eligibility criteria, including both positive and negative screening aligned with the fund's impact objectives.
- **Assess:** The materiality of ESG risks is evaluated during due diligence using internal ESG assessment tools, considering the likelihood and severity of potential adverse impacts, including onsite verification. Investments that do not meet required ESG standards or where risks cannot be sufficiently mitigated are not pursued.
- **Manage and mitigate:** Identified risks are addressed through measures such as ESG clauses in loan agreements, E&S action plans, and, where relevant, technical assistance.
- **Monitor and report:** ESG risks and performance are monitored throughout the investment lifecycle and reported to stakeholders, including annual reviews of all portfolio companies.

ESG risk management is aligned with widely recognized international frameworks and principles, including the IFC Performance Standards, World Bank Environmental, Health and Safety Guidelines, UN Guiding Principles on Business and Human Rights, ILO Fundamental Principles and Rights at Work, UN Principles for Responsible Investment, Universal Standards on Social and Environmental Performance Management, and Responsible Agriculture Investing Principles.

[6] https://incofin.com/regulatory-disclosures/
[7] https://incofin.com/wp-content/uploads/2025/10/2025-PAI-Disclosure-AIFM_Approved-by-MB_new-logo.pdf

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately

The Manager shall use the results framework (reference in Principle 4) to monitor the 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.

Incofin IM monitors impact performance at both the investee and portfolio levels against ex-ante expectations using predefined impact indicators.

Data is primarily self-reported by portfolio companies via our web-based client portal on a quarterly or annual basis, following a predefined reporting process that specifies frequency, data sources and responsibilities.

To ensure consistency and comparability, we define all metrics and, where possible, aligned with industry standards such as IRIS+ and HIPSO. We manage data quality through an end-to-end control process. As a first line of defence, the investment team validates data through on-site due diligence, portfolio monitoring, and consistency checks against business performance. As a second line of defence, the ESG and Impact Team performs independent reviews using trend and variance analysis, benchmarking, and triangulation with technical assistance insights to assess plausibility and consistency over time.

Actual performance is compared against ex-ante impact expectations on an annual basis to assess progress and identify deviations. When monitoring indicates that an investment is significantly underperforming or no longer aligns with the Fund's impact objectives, the case is escalated to the Investment Committee. Corrective actions may include engagement with management, revised action plans, technical assistance, or other appropriate measures.

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 impact.

Incofin IM seeks to ensure the sustainability of impact at exit as part of a lifecycle approach spanning origination to exit, and as established in our *Responsible Exit Framework*.

Responsible exit considerations are embedded throughout the investment lifecycle:

- **Entry**: Exit planning is incorporated during due diligence and investment approval.
- **Holding period**: Active ownership, including board participation and ESG & impact engagement, strengthens governance, impact practices and exit readiness.
- **Exit Decision**: **Investment Committee** oversight ensures that exit decisions balance fiduciary duties with impact considerations and formally assesses alignment with impact objectives.

The framework is guided by two key principles:

- **Exclusion:** Exit transactions that may result in reputational, legal, or ESG risks for the investee, its clients, or Incofin IM are not pursued.
- **Do no harm / best interest:** Exit processes aim to avoid negative impacts on the investee and its stakeholders, with preference given to buyers that are likely to maintain or strengthen the investee's impact trajectory.

While "do no harm" represents a minimum requirement, identifying opportunities to sustain or enhance impact posit-exit is pursued where possible.

Potential buyers are assessed using a *Fitness and Compatibility Checklist*, covering reputation, financial strength, commitment to maintaining the investee's impact mission, ESG practices, and strategic value. These assessments combine structured criteria with case-by-case judgment, reflecting transaction-specific context.

For debt investments, Incofin IM follows responsible workout and exit practices, including adherence to the 2020 Memorandum of Understanding signed with other major industry players[8], promoting coordinated lender engagement to avoid actions that could undermine investee sustainability.

Incofin IM incorporates lessons learned from exit processes into its practices. Post-exit insights are currently gathered through informal engagement with former investees and industry stakeholders.

[8] https://incofin.com/wp-content/uploads/2020-04-24-MIV-Covid-19-coordination-MoU.pdf.

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.

We systematically review and document the impact performance of our investment decisions and use these learnings to continuously improve our impact and ESG management processes.

Impact performance is reviewed and documented through annual Impact Reports and public disclosures (e.g., SFDR PAI disclosures, Impact Principles disclosures), at both fund and Incofin IM levels. These reports assess performance against impact objectives and expected outcomes, analyze deviations and potential negative impacts, and benchmarks results against industry standards and reference datasets (e.g., GIIN benchmarks, 60 Decibels Microfinance Index, CERISE SPI5-ALINUS, 2X criteria).

For exited equity investments, impact performance is reviewed to assess changes in key impact indicators over the investment period and to derive lessons learned. More broadly, impact learnings are generated through technical assistance activities, external assessments (e.g., 60 Decibels, CERISE, M-CRIL), and case studies or targeted analyses, supporting continuous improvement of impact management practices.

Impact performance and learnings are systematically reviewed and overseen by governance bodies (e.g., Management Board and Supervisory Boards), which ensure effective challenge and integration into decision-making. Insights are then used to:

- Inform portfolio management decisions and engagement strategies
- Support investment decision-making at individual and portfolio level
- Refine fund design, target setting, and impact strategies over time

Principle 9: Publicly disclose alignment with the 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 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.

This Disclosure Statement re-affirms the alignment of Incofin IM's impact management system with the Operating Principles for Impact Management and is updated annually.

In accordance with the Impact Principles, Incofin IM has engaged EY Bedrijfsrevisoren BV as an independent external verifier. The latest independent assurance report, confirming alignment with the Impact Principles, is dated July 2023 and is publicly available here. The registered address of the independent verifier is EY Bedrijfsrevisoren, EY Reviseurs d'Entreprises, De Kleetlaan 2, B-1831 Diegem, Belgium. Ernst & Young (EY) is a Big Four auditor with a presence in over 150 countries and extensive experience in independently verifying alignment with impact investing principles. Well known for its audit, tax, consulting, and advisory services, EY has a strong track record in evaluating adherence to the Operating Principles for Impact Management.

Independent verification is conducted periodically, and the next verification is expected in early 2027.

Incofin OPIM Disclosure 2026

Final Audit Report 2026-07-09

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