

PRINCIPAL ADVERSE IMPACT STATEMENT

ALTERFIN

VERSION: 12 FEBRUARY 2026

IDENTIFICATION

Product name: Alterfin SC

Legal entity identifier: 5493007UEXF0EDW8LO56

Disclosure: Article 4 SFDR (as defined below)

Reference period: 1 January 2025 to 31 December 2025

SUMMARY

Alterfin SC (“Alterfin”) is a Belgian self-managed alternative investment fund which considers principal adverse impacts of its investment decisions on sustainability factors that correspond with the scope and size of and the relevance to the investees’ (“partners”) operations. Sustainability factors refer to environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery considerations, as defined in Article 2(24) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation (“SFDR”).

Alterfin operates as a ‘missing middle’ investor often making investments that are smaller than the traditional alternative investment fund managers or impact investors. The microfinance institutions and agricultural organizations that Alterfin finances have mainly small-scale operations and operate in developing countries, including countries that are fragile and conflict-affected situations.

Alterfin considers the mandatory principal adverse impact indicators applicable to investments in investee companies in accordance with Table 1 of Annex 1 of the SFDR Delegated Regulation. In addition, Alterfin considers the following additional principal adverse impact indicators included in Tables 2 and 3 of Annex 1 of the SFDR Delegated Regulation:

- Investments in companies without sustainable land/agriculture practices or policies;
- Investments in companies without workplace accident prevention policies; and
- Lack of grievance/complaints handling mechanism related to employee matters.

Given the nature, scale and type of assets under management, indicators relating to investments in sovereigns and supranationals or real estate assets are not applicable.

This statement on the principal adverse impacts on sustainability factors refers to the reference period from 1 January 2025 to 31 December 2025.

This statement has been prepared in accordance with the requirements and references set out in the SFDR, the SFDR Delegated Regulation¹ and applicable regulatory guidance. Further details on the results of Alterfin’s measurements during the reference period, the methodological approach, the actions

¹ Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.



undertaken, actions planned and targets set for the next reference period by Alterfin in regard to the various principal adverse impacts to mitigate and avoid adverse impacts can be found below.

DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Indicators applicable to investments in investee companies					
Adverse sustainability indicator	Metric	Impact 2025 (weighted to EUR exposure)	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	Not available	<p><i>For the MFI portfolio:</i> Alterfin does not collect data on Scope 1, 2, and 3 GHG emissions data. Given Alterfin’s partners operate in developing countries including those that are fragile and conflict-affected, and many are small-scale operations.</p> <p><i>For the agricultural portfolio:</i> Alterfin does not collect data on Scope 1, 2, 3 GHG emissions given the size of the organizations, the organizations do not have resources to collect the data that is required to derive at reliable estimations or proxy data given that many are small-scale operations.</p> <p>Collection of this quantitative data would entail high costs and require additional resources to collect the necessary data or acquire proxy data. Given the scope, size, and nature of the partners operations, Alterfin applies a qualitative approach in the due diligence</p>	<p>Actions taken: Alterfin follows its Exclusion List and conducts a due diligence assessment for each investment.</p> <p><i>For the MFI and agricultural portfolio:</i> In the due diligence Alterfin assesses if actions have been implemented to reduce its footprint. This includes actions to promote energy efficiency, use of renewable energy, waste reduction and recycling, reduction of usage of energy, water, paper, and fuel, and reduction initiatives have been implemented of greenhouse gas emissions at the headquarters, branches, operational sites, and its operations.</p> <p>Actions planned: Alterfin will continue to assess that relevant actions are and will be taken by the MFI and agricultural partners to reduce their carbon footprint.</p> <p>Target: No targets set</p>
		Scope 2 GHG emissions	Not available		
		Scope 3 GHG emissions	Not available		
		Total GHG emissions	Not available		
	2. Carbon footprint	Carbon footprint	Not available		
	3. GHG intensity of investee companies	GHG intensity of investee companies	Not available		

				assessment as summarised in the actions taken.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	<p>Data coverage: 100%</p> <p>Alterfin does not invest in companies active in the fossil fuel sector.</p> <p><i>MFI portfolio:</i> MFI partners do not derive revenues from its direct activities from the exploration, mining, extraction, production, processing, storage, refining or distribution in the fossil fuel sector as they operate in the financial industry.</p>	<p>Actions taken: Alterfin follows its Exclusion List and conducts a due diligence assessment for each investment.</p> <p>Actions planned: Alterfin will continue to not invest in companies active the fossil fuel sector.</p> <p>Industry efforts are being made to calculate or estimate indirect fossil fuel exposure of the MFI's underlying portfolio.</p> <p>Target: 0%</p>
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of	Not available	<p>Alterfin does not invest in companies that produce energy.</p> <p><i>MFI and agricultural portfolio:</i> Alterfin does not collect energy consumption data given the partners operate in developing countries and many are small-scale operations. The majority of the MFI and agricultural partners draw energy from the national grid.</p> <p>Collection of this data level would require additional resources to collect the necessary data or acquire proxies for the MFI and agricultural partners.</p>	<p>Actions taken: For the MFI and agricultural portfolio: In the due diligence Alterfin assesses that relevant actions will be taken by the MFI and agricultural partners to promote energy efficiency and use of renewable energy.</p> <p>Actions planned: Alterfin will continue to assess that relevant actions will be implemented by the MFI and agricultural partners to promote energy efficiency and use of renewable energy.</p> <p>Target: No target set</p>

		total energy sources		Given the scope, size, and nature of these operations, Alterfin therefore, applies a qualitative approach in the due diligence assessment as summarised in the actions taken.	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Not available	<p><i>For the MFI portfolio:</i> The MFI partners are classified as ‘financial industry’, which does not classify as a high climate sector.</p> <p><i>For the agricultural portfolio:</i> The agricultural partners are classified as ‘Agriculture, forestry and fishing’, which does classify as a high climate sector. This classification reflects the sector’s overall exposure to climate-related risks and potential environmental impacts at a global level. However, the agricultural partners that Alterfin finances are small-scale organizations with very limited direct energy consumption and input use.</p> <p>Given the scope, size, and nature of these operations, Alterfin therefore, applies a qualitative approach in the due diligence assessment as summarised in the actions taken.</p>	<p>Actions taken: <i>For the MFI and agricultural portfolio:</i> In the due diligence Alterfin assesses that relevant actions will be taken by the MFI and agricultural partners to promote energy efficiency and use of renewable energy.</p> <p>Actions planned: Alterfin will continue to assess that relevant actions will be implemented by the MFI and agricultural partners to promote energy efficiency and use of renewable energy.</p> <p>Industry efforts are being made to calculate or estimate the energy consumption intensity of the high intensity components of the MFI’s underlying portfolio.</p> <p>Target: No target set</p>
Biodiversity	7. Activities negatively affecting	Share of investments in investee companies with sites/operations	Not available	<i>For the MFI portfolio:</i> The direct impact of the MFI partners on bio-diversity sensitive areas is negligible given the financial services operations of their direct activities. Some MFI partners do	Actions taken: Alterfin follows its Exclusion List and conducts a due diligence assessment for each investment.

	<p>biodiversity-sensitive areas</p>	<p>located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas</p>		<p>have branches and clients located in or near (less than 1 km) to biodiversity-sensitive areas with operations, but no conclusions can be drawn if these activities potential negatively affect those areas.</p> <p>Given the scope, size, and nature of these operations, Alterfin therefore, applies a qualitative approach in the due diligence assessment as summarised in the actions taken.</p> <p><i>Agricultural portfolio:</i> Some of our agricultural partners operations are located in or near (less than 1 km) to biodiversity-sensitive areas. However, our due diligence assessment ensures we assess our partners’ practices to not negatively affect those areas.</p> <p>Given the scope, size, and nature of these operations, Alterfin therefore, applies a qualitative approach in the due diligence assessment as summarised in the actions taken.</p>	<p><i>For the MFI portfolio:</i> In the due diligence, Alterfin assesses and monitors compliance of the MFI with local and national legislation and Alterfin’s Exclusion List. On operational level, Alterfin assesses whether the MFI trains clients on environmentally friendly practices or businesses and/or offers special loan products promoting climate mitigation and adaptation.</p> <p><i>Agricultural portfolio:</i> In the due diligence, Alterfin assesses among other aspects whether the agricultural partner has a strategy and/or takes actions to manage and promote biodiversity, ecosystems and natural habitats, soil, land, water and natural resources, preserves plant genetic resources, prevents deforestation and has a certification with an environmental component.</p> <p>Actions planned: Alterfin will continue to assess that appropriate actions will be taken by the MFI and agricultural partners to not negatively affect biodiversity-sensitive areas.</p> <p>Industry efforts are being made to calculate or estimate the impacts of the MFI underlying portfolio exposure to activities located near or in biodiversity-sensitive areas and research is taking place on the best tools for mapping and</p>
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					<p>matching national biodiverse-sensitive areas to portfolio activity's location(s).</p> <p>Target: No target set</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Not available	<p><i>MFI portfolio:</i> Alterfin does not collect data on emissions to water generated by MFI partners. MFIs generate a negligible amount of emissions to water given the financial services operations of their direct activities. However, some of the MFI partners may finance small-scale clients whose operations could be associated with potential emissions to water.</p> <p>Given the scope, size, and nature of these operations, Alterfin therefore, applies a qualitative approach in the due diligence assessment as summarised in the actions taken.</p> <p><i>Agricultural portfolio:</i> Alterfin does not collect data on emissions to water generated. Agricultural operations may be associated with potential generation of emissions to water related to the use of agrochemicals, pesticides and/or fertilizers that contain nitrates and/or phosphate.</p> <p>Collection of this quantitative data would require additional resources to collect the necessary data or acquire proxies.</p>	<p>Actions taken: Alterfin follows its Exclusion List and conducts a due diligence assessment for each investment.</p> <p><i>MFI portfolio:</i> Alterfin assesses whether the MFI trains clients on environmentally friendly practices or businesses and/or offers special loan products promoting climate mitigation and adaptation.</p> <p><i>Agriculture portfolio:</i> In the due diligence, Alterfin assesses among other aspects whether the agricultural partner has a certification with an environmental component covering water management related aspects, has a strategy and/or takes actions to manage water use, water resources, and the quality of irrigation water to mitigate adverse impact on farmers, consumers and the environment.</p> <p>Actions planned: Alterfin will continue to assess that appropriate actions will be taken by the agricultural partners in case of emissions to water to mitigate potential adverse impact on farmers, consumers and the environment.</p>

				<p>Given the scope, size, and nature of Alterfin’s agricultural partners’ operations, Alterfin therefore, applies a qualitative approach in the due diligence assessment as summarised in the actions taken.</p>	<p>Industry efforts are being made to calculate or estimate emissions to water of the MFIs underlying portfolio.</p> <p>Target: No target set</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Not available	<p>This is covered by Alterfin’s Exclusion List that does not allow to invest in companies producing hazardous waste and radioactive waste.</p> <p><i>MFI portfolio:</i> Alterfin does not collect data on hazardous waste and radioactive waste generated by the MFI partners. The MFI partners generate a negligible amount of hazardous waste and radioactive waste given the financial services operations of their direct activities.</p> <p><i>Agriculture portfolio:</i> The agricultural partners are small-scale and non-industrial and are typically not associated with the generation of hazardous or radioactive waste. However, agrochemicals, pesticides and/or fertilizers may become hazardous waste and radioactive waste at point of disposal.</p> <p>Collection of this quantitative data level would require additional resources to</p>	<p>Actions taken: Alterfin follows its Exclusion List and conducts a due diligence assessment for each investment.</p> <p><i>MFI portfolio:</i> The MFI partners do not generate hazardous waste and radioactive waste given the financial services operations of their direct activities.</p> <p><i>Agriculture portfolio:</i> In the due diligence assessment, Alterfin assesses whether the appropriate mitigation actions are taken in case the agricultural partner may generate hazardous waste and radioactive waste.</p> <p>Actions planned: Alterfin will continue following the Exclusion List and in the due diligence will continue to assess that appropriate actions will be taken by the agricultural partners in case of hazardous waste and radioactive waste disposal.</p> <p>Industry efforts are being made to calculate or estimate the MFI’s</p>

				<p>collect the necessary data or acquire proxies.</p> <p>Given the scope, size, and nature of these operations, Alterfin therefore, applies a qualitative approach in the due diligence assessment as summarised in the actions taken.</p>	<p>underlying portfolio on hazardous and radioactive waste generation.</p> <p>Target: No target set</p>
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Adverse sustainability indicator		Metric	Impact 2025 (weighted to EUR exposure)	Explanation	Actions taken, and actions planned and targets set for the next reference period
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 companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Not available	<p>The MFI and agricultural partners that Alterfin finances are not participants in the UNGC principles or OECD Guidelines for Multinational Enterprises given the size of their operations.</p> <p>The SFDR does not define violations for this PAI, therefore Alterfin adopts a practical definition. This is in line with the scope, size and nature of the partners, peer practices developed in the SPTF-SIWG and the Final Report on Minimum Safeguards (October 2022) that states differentiation between court proceedings involving serious violations and minor cases might be required.</p> <p>For Alterfin, a violation is any sanction (e.g. fines, administrative or judicial sanctions or penalties) or non-monetary</p>	<p>Actions taken: Alterfin conducts a due diligence assessment and anti-money laundering (“AML”), Counter-Terrorism Financing (“CTF”), and Know Your Customer (“KYC”) assessment for each investment.</p> <p>In the due diligence of Alterfin assesses compliance with national labour law in key areas in relation to usury law, consumer protection law, labour law, accounting, tax, fiscal law, the environment, and regulatory law.</p> <p>Alterfin adopts a risk-based approach to combating AML and CFT. As part of the AML/CTF/KYC approach, Alterfin conducts an AML/CFT global risk assessment to identify and understand</p>

				<p>penalty as defined by the applicable jurisdiction imposed on the partner during the reference period in the following areas:</p> <ul style="list-style-type: none"> • Business practices against the usury law or consumer protection law • Non-compliance with national labour law • Financing environmental damaging activities • Tax evasion or avoidance • Non-compliance with the national anti-money laundering law <p>This aspect is covered by Alterfin’s due diligence as summarised in the actions taken.</p> <p>According to the information from the due diligence of new and existing partners in 2025, no such serious violations have been identified, however the monitoring self-reported data is not yet available for 2025 to confirm there have been no violations.</p>	<p>risks specific to Alterfin’s activities, shareholders, and partners.</p> <p>During monitoring, Alterfin monitors and takes appropriate actions among other aspects on self-reported data from MFI and agricultural partners in relation to any breaches, incidents, complaints and grievances. In addition, active screening in public resources on AML, CTF, and KYC aspects takes place.</p> <p>Actions planned: In the due diligence, Alterfin will continue to assess compliance with local and national law on all aspects mentioned and continues the anti-money laundering (“AML”) and Know Your Customer (“KYC”) assessments. In addition, Alterfin will continue and improve the process to monitor that appropriate actions will be taken by the MFI and agricultural partners in case of potential violations.</p> <p>Alterfin will also further detail and improve the process to distinguish serious and minor violations.</p> <p>Target: No target set</p>
	11. Lack of processes and compliance mechanisms to monitor	Share of investments in investee companies without policies to	0%	<p>Data coverage: 63.54%</p> <p>The MFI and agricultural partners that Alterfin finances are not participants in the UNGC principles or OECD Guidelines</p>	<p>Actions taken: Alterfin follows its Exclusion List and conducts a due diligence assessment for each investment to assess policies and that appropriate actions are taken by the MFI and</p>

	<p>compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</p>	<p>monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</p>		<p>for Multinational Enterprises given the size of their operations.</p> <p>Therefore Alterfin adopts a practical approach in line with the scope, size and nature of the partner and peer practices developed in the SPTF-SIWG to monitor compliance with the relevant UNGC principles and OECD Guidelines for Multinational Enterprises.</p> <p>Alterfin’s due diligence tool includes the relevant components of the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, IFC Performance Standards and sector specific standards such as FAO Environmental and Social Sustainability Standards, CERISE-SPTF Universal Standards for Social and Environmental Performance Management and the Client Protection Principles to the extent applicable to the nature and size of the partner.</p> <p>A score below 2 (out of 5) in the Social Scorecard on the dimension Social Policies & Systems means the partner does not have adequate policies and systems to monitor compliance on the relevant aspects covered in the UNGC principles and OECD Guidelines for Multinational Enterprises.</p>	<p>agricultural partners to monitor compliance with the relevant, given the size and scope of operations of the partners, UNGC principles and OECD Guidelines for Multinational Enterprises.</p> <p>Actions planned: Alterfin will continue following the Exclusion List and in the due diligence will continue to assess policies and that appropriate actions will be taken by the MFI and agricultural partners to monitor compliance with the relevant, given the size and scope of operations of the partners, UNGC principles and OECD Guidelines for Multinational Enterprises.</p> <p>Target: No target set</p>
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	<p>12. Unadjusted gender pay gap</p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>Not available</p>	<p>Alterfin does not collect data to calculate the unadjusted gender pay gap for the MFI and agricultural portfolio.</p> <p>Collection of this quantitative data would require additional resources to collect the necessary data.</p> <p>Given the scope, size, and nature of these operations, Alterfin therefore, applies a qualitative approach in the due diligence assessment as summarised in the actions taken.</p>	<p>Actions taken: Alterfin conducts a due diligence assessment for each investment with an integrated gender lens.</p> <p><i>MFI and agricultural portfolio:</i> In the due diligence Alterfin assesses whether the MFI has a transparent salary scale and pays salaries in line with market averages and at or above local minimum wage requirements. In addition, Alterfin assesses whether the MFI/agriculture organization has a process to identify gender pay inequalities (e.g. gender pay gap audit) and a written policy in place for equal opportunity and pay, and a to commitment to carrying out regular pay gap audits.</p> <p>Actions planned: In the due diligence and monitoring, Alterfin will continue to assess and promote that appropriate actions will be taken by the MFI and agricultural partners to ensure transparent salary scale, pays salaries, and promote to have a process in place to identify gender pay inequalities, a written policy to equal opportunity and pay, and conducts regular pay gap audits.</p> <p>Target: No target set</p>
	<p>13. Board gender diversity</p>	<p>Average ratio of female to male board members in investee</p>	<p>33.28%</p>	<p>Data coverage: 63.54%</p> <p>This aspect is covered by Alterfin's due diligence assessment and data is</p>	<p>Actions taken: Alterfin conducts a due diligence assessment for each investment with an integrated gender lens.</p>

		companies, expressed as a percentage of all board members		collected on the number of women and men Board members.	<p>Alterfin has a gender strategy (2022-2025) with targets to among other aspects promote investments in women-led organizations.</p> <p>Actions planned: Alterfin will continue to conduct a due diligence assessment for each investment with an integrated gender lens. Alterfin will integrate the Gender Strategy (2022-2025) in an integrated Impact Strategy 2026-2030 with Annual Action Plans.</p> <p>Target: No target set</p>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	<p>Data coverage: 100%</p> <p>This aspect is covered by Alterfin's Exclusion List that does not allow to invest in companies involved in the manufacture or selling of controversial weapons.</p>	<p>Actions taken: Alterfin follows its Exclusion List and conducts a due diligence assessment for each investment.</p> <p>Actions planned: Alterfin will continue to not invest in companies involved in the manufacture or selling of controversial weapons.</p> <p>Target: 0%</p>
INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS					
Adverse sustainability indicator		Metric	Impact 2025 (weighted to EUR exposure)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	Not applicable	This section is intentionally left blank as Alterfin does not manage investments in sovereigns and supranationals.	

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Not applicable		
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS					
Adverse sustainability indicator		Metric	Impact 2025 (weighted to EUR exposure)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Not applicable	This section is intentionally left blank as Alterfin does not manage investments in real estate assets.	

Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	Not applicable			
TABLE 2 ADDITIONAL INDICATORS FOR CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
ADDITIONAL INDICATORS FOR CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator	Metric	Impact 2025 (weighted to EUR exposure)	Explanation	Actions taken, and actions planned and targets set for the next reference period		
Water, waste and material emissions	11. Investments in companies without sustainable land/agriculture practices or policies	Share of investments in investee companies, the activities of which involve land/agricultural activities without sustainable land/agriculture practices or policies	1.01%	<p>Data coverage: 18.70%</p> <p><i>MFI portfolio:</i> MFI partners do not derive revenues from its direct activities from sustainable land/agriculture as they operate in the financial industry.</p> <p><i>Agricultural portfolio:</i> The SFDR does not define sustainable land/agriculture practices or policies for this PAI, therefore Alterfin adopts a practical definition in line with the scope, size and nature of the agricultural partners.</p> <p>Alterfin assesses to the extent to the extent applicable to the nature and size of the agricultural partner, whether the agricultural partner has a strategy or policy in place or implements practices</p>	<p>Actions taken: Alterfin conducts a due diligence assessment for each investment.</p> <p><i>MFI portfolio:</i> In the due diligence, Alterfin assesses and monitors compliance of the MFI with local and national legislation and Alterfin's Exclusion List. On operational level, Alterfin assesses whether the MFI trains clients on environmentally friendly practices or businesses and/or offers special loan products promoting climate mitigation and adaptation.</p> <p><i>Agricultural portfolio:</i> In the due diligence, Alterfin assesses among other aspects whether the agricultural partner has a strategy and/or takes actions to</p>	

				<p>covering sustainable land/agriculture (this includes among other things manage and promote biodiversity, ecosystems and natural habitats, soil, land, water and natural resources, preserves plant genetic resources, prevents deforestation) and the partner and or the farmers it works with have a certification with an environmental component.</p> <p>A score below 2 (out of 5) in the Environmental Score means the agricultural partner does not have a policy or strategy in place or environmental certification or the sustainable agricultural practices implemented are limited.</p>	<p>manage and promote biodiversity, ecosystems and natural habitats, soil, land, water and natural resources, preserves plant genetic resources, prevents deforestation and the partner and or the farmers it works with have a certification with an environmental component with sustainable land/agriculture practices or policies. In addition, when relevant through technical assistance projects Alterfin supports the implementation of sustainable land/agriculture practices and or policies of the agricultural partners and the farmers they work with.</p> <p>Actions planned: Alterfin will continue to assess that appropriate actions will be taken by the MFI and agricultural partners to implement sustainable land/agricultural practices and policies and when relevant continues to support through technical assistance the implementation of improved practices to support the agricultural partners and the farmers they work with.</p> <p>Target: No target set</p>
<p>TABLE 3 ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTER</p>					
<p>ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</p>					

Adverse sustainability indicator	Metric	Impact 2025 (weighted to EUR exposure)	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Social & employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	1.72%	<p>Data coverage: 63.54%</p> <p>This aspect is covered by Alterfin's due diligence, Alterfin assesses whether:</p> <p>The MFI has a written Human Resources policy available to all employees, covering employees' rights and in compliance with applicable regulations related to among other aspects health and safety at work.</p> <p>A score of 1, 2, 3 (out of 5) means no formal policy covering health and safety aspects is in place.</p> <p>The agricultural organization ensures safe, healthy and culturally appropriate working conditions for its employees, responsive to women's and men's needs.</p> <p>A score of 1 (out of 5) means no health and safety measures for the partner's employees have been taken.</p>	<p>Actions taken: Alterfin conducts a due diligence assessment for each investment and monitors whether any health and safety incidents have occurred ensuring that appropriate corrective measures are implemented to address the incident and preventive actions are taken to reduce the likelihood of recurrence.</p> <p>Actions planned: Alterfin will continue to conduct due diligence assessments for each investment and continues monitoring whether any health and safety incidents have occurred ensuring that appropriate corrective measures are implemented to address the incident and preventive actions are taken to reduce the likelihood of recurrence.</p> <p>Target: 0%</p>
	5. Lack of grievance/complaints handling mechanism related to	Share of investments in investee companies without any grievance/complaints handling	0.39%	<p>Data coverage: 63.54%</p> <p>This aspect is covered by Alterfin's due diligence, Alterfin assesses whether the organization has confidential grievance, resolution, and non-retaliation</p>	<p>Actions taken: Alterfin conducts a due diligence assessment for each investment and monitors whether any grievances or complaints have occurred ensuring that appropriate corrective measures are implemented to address the grievance or complaint and preventive actions are</p>

	<p>employee matters</p>	<p>mechanism related to employee matters</p>		<p>mechanisms in place that are accessible by all its employees.</p> <p>A score of 1 (out of 5) means no grievance/complaints handling mechanism related to employee matters is in place.</p>	<p>taken to reduce the likelihood of recurrence.</p> <p>Actions planned: Alterfin will continue to conduct due diligence assessments for each investment and continues monitoring whether any grievances or complaints related to employee matters have occurred ensuring that appropriate corrective measures are implemented to address the grievance or complaint and preventive actions are taken to reduce the likelihood of recurrence. In addition, Alterfin provides support to partners to formalize and improve their grievance and complaints handling mechanism when relevant.</p> <p>Target: 0%</p>
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DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

The identification and assessment of the relevant principal adverse impacts in accordance with Tables 1, 2, and 3 of Annex I of the SFDR Delegated Regulation is carried out at the level of the partners financed using Alterfin's due diligence tool.

Alterfin has an Environmental and Social Risk Policy ("E&S Risk Policy") in place. Alterfin uses a clear and well-defined list of excluded activities (the "Exclusion List") aligned with standards set by the International Finance Cooperation ("IFC") and the Harmonized European Development Finance Institutions ("EDFI") Exclusion List. Any investee carrying out activities that violate said Exclusion List is not considered for investment and all existing partners are contractually bound to remain in compliance with this Exclusion List.

Alterfin has developed a custom due diligence tool that further analyses environmental and social risks relevant to the sector and operations and the positive impact potential of each investment. The due diligence assessment tool is used at the due diligence stage and informs all investment decisions-makers of Alterfin for new partners and renewals of existing partners. The positive screening for creating environmental and/or social impact is further complemented by annual impact studies on selected partners to evaluate the impact at the investee and beneficiary levels.

The E&S Risk Policy outlines Alterfin's Environmental and Social Performance Framework with the process, procedures and governance. Below a short summary of the main steps taken.

The first step is to ensure investments comply with the above-mentioned Exclusion List.

The second step is to establish an E&S risk profile for the investments based on pre-defined criteria. For investments in microfinance the loan amount and geography, for agriculture investments the value chain, scope of the operations, and geography to adapt the due diligence tool to include the relevant aspects to assess in terms of water usage, contamination of ecosystems, indigenous land rights, biodiversity, and excessive GHG emissions.

The third step after the E&S risk profile is established, the environmental and social risk and impact assessment ("E&S impact assessment") using Alterfin's custom due diligence tool is carried out. The due diligence tool covers among other aspects the following dimensions: E&S objectives and commitment of the investee, responsible treatment of employees, responsible treatment of beneficiaries, appropriate product offering and services, environmental risk management (land use, soil management, waste management, water use, biodiversity, GHG emissions, green financial products and environmental linked training).

The fourth step is the presentation of the E&S impact assessment for decision-making to the Investment Committee.

The fifth step is the inclusion of the relevant E&S clauses in the contractual agreements with the investees.

These steps repeat itself with each renewal of existing investments. For investments in the agriculture sector this is in the majority of the investments at least annually.

The sixth step, after the investment, each investment is monitored on an annual basis on key E&S aspects such as violations, incidents, grievances, complaints, and regulatory breaches.

Alterfin uses the due diligence assessments, monitoring and the impact studies to engage with the investees and create an improvement plan where relevant on a case-by-case basis. Additionally, the due diligence assessment allows Alterfin to identify potential needs to support with Alterfin's technical assistance

activities and track progress on the environmental and social performance with each subsequent loan renewal.

More information can be found in the E&S Risk Policy: <https://www.alterfin.be/publications/environmental-social-risk-policy>

There are limitations in data availability and quality. The Principal Adverse Impact (PAI) indicators are challenging to collect from Alterfin partners given the size, scope of their operations and they are operating outside the European Union. Alterfin used best effort approach to collect the PAI indicators data for this first reference period (2025).

For PAIs that are not collected, no estimates are made using external or proxy data. Where data coverage for certain PAIs is limited, actions are being undertaken, where feasible and reasonable, to improve data availability in the next reference period.

For the mandatory social and employee, respect for human rights, anti-corruption and anti-bribery matters indicators, Alterfin has chosen to the extent possible and applicable to follow the guidance of the CERISE+Social Performance Task Force Social Investor Working Group (“SPTF-SIWG”).

For the mandatory environmental and other climate-related indicators, in Alterfin’s due diligence Assessment, Alterfin has chosen in the due diligence assessment to consider aspects that capture the PAIs but are in line with the size and scope of the operations of the partners. The due diligence assessment covers aspects amongst others whether certifications, policies, and strategies are in place and the appropriate measures given the size and operations of the partners are implemented in regard to water management, carbon footprint reduction actions and energy consumption and efficiency, and the protection of biodiversity-sensitive areas.

Alterfin SC does not pursue sustainable investments with an environmental investment objective and therefore, for the selection of two optional indicators, Alterfin has chosen two additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matter from Table 3 of Annex I of the SFDR Delegated Regulation.

The data sources and methodologies applied for each of the principal adverse impact indicators are described in the “Explanation” column of the table.

ENGAGEMENT POLICIES

Alterfin uses the due diligence assessments, monitoring and the impact studies to engage with the partners and create an improvement plan where relevant on a case-by-case basis. Additionally, the due diligence assessment allows Alterfin to identify potential needs to support with Alterfin’s technical assistance activities and track progress on the environmental and social performance with each subsequent loan renewal.

INTERNATIONAL STANDARDS

Alterfin’s Environmental and Social Risk Policy (“E&S Risk Policy”) ensures there are robust measures in place to ensure sustainability in line with Alterfin’s mission.

The due diligence integrates international standards relevant to the investments and sector of operations. This includes among others:

- IFC Performance Standards
- Food and Agriculture Organization (FAO) Environmental and Social Standards (ESS)
- United Nations (UN) Guiding Principles on Business and Human Rights
- International Labour Organization (ILO) Core Labour Standards

- Universal Standards on Social Performance Standards (USSPM) from the CERISE+SPTF
- Client Protection Principles (CPP) from the CERISE+SPTF.

HISTORICAL COMPARISON

This is the first reference period Alterfin prepares a PAI Statement, therefore no comparison tables to the previous reference period (1 January 2024 to 31 December 2024) are available. This historical comparison will be made starting with the following reporting period.