



# PROXY VOTING POLICY



**FS** Impact Finance  
Investing today for a better tomorrow



# PROXY VOTING POLICY

## 1. BACKGROUND

Frankfurt School Financial Services GmbH, branded under FS Impact Finance, primarily manages socially responsible investment funds or financing mechanisms supporting, amongst others, microfinance, small and medium sized enterprises (SMEs), rural and agricultural finance, and energy efficiency loans for SMEs, as well as financing mechanisms in support of the United Nations' Sustainable Development Goals.

In line with the prevailing investment criteria for the mentioned funds, FS Impact Finance is also allowed to invest in other financing products, such as, for example, listed equity.

## 2. AIM AND PURPOSE

The aim and purpose of this Proxy Voting Policy is to ensure that the minimum requirements of the German Stock Corporation Act (“Aktengesetz”), Art. 134ff. are followed on an operational level at FS Impact Finance.

In our quality as a “financial portfolio manager” licensed by the German financial regulator BaFin, we herewith outline our policy describing our involvement in the portfolio companies we are invested in (Duty of Involvement), addressing in particular

- the exercise of shareholder rights,
- the monitoring of important matters of portfolio companies
- the exchange of views with corporate bodies,
- the cooperation with other shareholders, as well as
- the management of conflicts of interest



## 3. OPERATIONAL PROCEDURES RELATED TO DUTY OF INVOLVEMENT

### 3.1 Exercise of shareholder rights

FS Impact Finance takes its fiduciary duty as a licensed fund manager of client funds seriously, and we exercise any voting rights in the best interest of our investors. Voting proposals by the board of managers or board of supervisors of a portfolio company are examined by our own portfolio management function on an individual basis and exercised independently. The management of FS Impact Finance will not interfere in the assessment and in the voting decision. As deemed appropriate on a case-by-case basis, the portfolio management function involves the management of FS Impact Finance for further advice and guidance regarding its voting decision.

### 3.2 Monitoring of important matters of the portfolio companies

FS Impact Finance follows closely its investments and portfolio companies as appointed fund manager. Portfolio management monitors publicly available information and assesses its impact on the further investment process. In case relevant information is made available which has potentially an impact on the risk profile of the investment, the risk management function is involved by portfolio management.

### 3.3 Exchange of views with the corporate bodies

FS Impact Finance mostly holds only limited and predominately minor positions which provides minimal leverage for engaging in an exchange of views with the corporate governance bodies or major stakeholders of our investee companies. In instances where FS Impact Finance does have or in the future, will have major voting rights in publicly traded companies, we commit to engage in a constructive dialogue with relevant corporate governance bodies and major stakeholders.

### 3.4 Cooperation with other shareholders

FS Impact Finance acts only on behalf of the investors of our managed funds and we do not vote in a concerted manner with other shareholders.

### 3.5 Management of conflicts of interest

The management of conflicts of interest is part of the overall FS Impact Finance corporate governance structure. FS Impact Finance has implemented a “Conflict of Interest” policy” as well as a “Gifts and Donations” policy to mitigate such potential risks.

In order to mitigate potential conflicts, equity positions in FS Impact Finance managed funds or finance instruments are to be included in a “Restricted List”, which is managed and monitored by the Compliance Function. The Restricted List contains all relevant financial instruments, e.g. listed equities that are not eligible for private trading of FS Impact Finance staff, spouses or children in order to prevent conflicts of interest or any potential insider trading. Insider trading is defined as the illegal practice of trading financial instruments on a stock exchange to one's own advantage through having access to confidential or privileged information that is not available to the general public.

#### 4. PUBLICATION OF INFORMATION RELATED TO THIS POLICY AND RELATED DUTY OF INVOLVEMENT VOTES

FS Impact Finance reports annually on the implementation of the Duty of Involvement votes. The report contains explanations on voting behaviour, on the most important votes and on the use, if any, of voting advisors. FS Impact Finance will publish its voting behaviour unless our vote was insignificant due to the fact that we held only an immaterial amount of voting rights, or the subject matter of the vote was non-essential.

#### 5. MONITORING OF LEGAL FRAMEWORK FOR THIS POLICY

The compliance function of FS Impact Finance is responsible for monitoring regulatory and legal developments related to the defined action of this Policy. Upon changes the compliance function will review this Policy and update according for approval of FS Impact Finance Management.

