SEAF Disclosure Statement

Operating Principles for Impact Management

January 31, 2021

About SEAF and this Disclosure Statement

SEAF is an investment management group that provides growth capital and business assistance to small and medium-sized enterprises (SMEs) in emerging and transition markets underserved by traditional sources of capital. Over the last 30 years, we have made more than 430 investments through our network of nearly 30 offices around the world. By investing in entrepreneurs and working with them to realize their impact, we seek to accelerate the achievement of the UN's Sustainable Development Goals (SDGs).

In February 2020, SEAF signed onto the Operating Principles for Impact Management. The release of this statement, in line with our commitment to public disclosure under Principle 9, summarizes SEAF's commitments to managing our portfolio in line with the Principles' best practices. We value the framework the Principles provide for us to design and implement our impact management system throughout the lifecycle of our investments.

SEAF hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Principles"). This Disclosure Statement applies to all SEAF assets under management. The total value of the assets in alignment with the Principles is US$ 300 million as of January 31, 2021.

H. J. van der Vaart

Bert van der Vaart, SEAF Co-CEO
January 21, 2021

Letter from CEO Bert van der Vaart

Over the past 30 years, SEAF has expanded across the globe to fulfill our mission of improving lives and communities through entrepreneur-focused investment development. We have provided access to finance to underserved markets, facilitated improvements in SME business practices, and connected entrepreneurs to broader networks, to help firms realize their potential impact on their communities.

When we first began this journey, there was no such thing as "impact investing." We were simply focused on finding a way to provide small-scale businesses in emerging markets with the equity funding and business partners they would need to grow. We knew that high-interest, short-term loans were not the answer. Instead, given a chance to grow, we recognized that local entrepreneurs could be a critical source of employment and wealth creation in their communities.

SEAF began its work in the transitioning economies of Central and Eastern Europe following the fall of the Berlin Wall and has since expanded into Latin America, Asia, and Africa. Our experience making more than 430 investments in small and growing businesses has allowed us to identify and invest in promising companies that deliver positive financial results to investors, as well as significant economic and social benefits to their employees and their communities.

Since our founding, the impact industry has burgeoned and evolved, and with it, the definition and measurement of impact have changed accordingly. The development of the Operating Principles for Impact Management is an important output of that evolution. The Principles set new industry standards of intentionality, transparency, and accountability that will help ensure the continued positive contribution of impact investing on helping the world meet the UN's Sustainable Development Goals.

SEAF was proud to become an official signatory to the Principles in February 2020. Adopting this framework allows us to share our approach to measuring in alignment investments for impact and sustaining a robust impact program. Incorporating the Principles into our business processes has provided an opportunity to identify areas for improvement and further development to ensure we are maximizing our impact.

The Principles, and the best practices they represent, will serve as an important framework for our industry going forward to ensure that our investments generate sustainable impact. We are proud to be a part of this initiative to move impact investing forward.

H. J. van der Vaart

Principle 1

Define strategic impact objective(s), consistent with the investment strategy. The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

SEAF's impact strategy is led by its mission: to "Improve Lives and Communities Through Entrepreneur-Focused Investment"

SEAF's mission – to "Improve Lives and Communities Through Entrepreneur-Focused Investment" – is driven by five pillars of activity:

- Providing risk capital to growth stage, small and medium-sized enterprises in emerging and frontier markets, seeking both financial returns and significant social and environmental impact
- Targeting underserved markets
- Delivering value-creation support to investees to improve company performance
- Making transparent, ethical, and impactful investments by promoting high ESG standards
- Sponsoring Centers for Entrepreneurship and Executive Development (CEED) which provide training, education, peer networking, global access to entrepreneurs

We structure, launch, and deploy funds with strategic impact objectives outlined at the outset. These impact objectives are detailed in the Private Placement Memorandum for each fund and in the Investment Memorandum for each portfolio company.

These impact objectives help to guide our engagement with our investees – from the provision of risk capital to providing technical assistance and connecting a portfolio company to our global network. The impact performance of a portfolio company is then measured and reviewed on an annual basis to identify any areas for improvement. This strategy ensures that risk capital deployed to SMEs has the strongest possible impact on its target market and proves SEAF's thesis that investing in entrepreneurs in underserved markets represents not only an opportunity for long-term investor capital appreciation but also a force for community development and, ultimately, the achievement of the SDGs.

SEAF's current portfolio aligns with 15 of the 17 SDGs. *SDG 8 – Decent Work and Economic Growth* sits at the core of SEAF's mission and has been a consistent focus throughout our 31-year history. Our mobilization and deployment of public and private capital through all of our investments align with the objectives of *SDG 17 - Partnerships for the Goals*. Finally, SEAF has made significant investments around *SDG 5 - Gender Equality*, supported by the SEAF Gender Equality Scorecard©.

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.

SEAF manages its impact on a portfolio basis, as well as at the fund and individual company level

SEAF measures and manages its impact at the individual company, fund and portfolio level. During SEAF's earlier years, this impact was assessed through the collection of qualitative data and three core metrics: job creation, revenue growth, and taxes paid. These are comparable across widely varying portfolio companies, a key feature given SEAF's investments are industry agnostic, spanning many types of businesses and geographies.

Today, SEAF collects more than 15 IRIS+ metrics from each portfolio company on an annual basis. All metrics are standardized across all companies, with the exception of two unique metrics that vary according to the firm's impact focus. All companies are also required to determine the alignment of their impact in relation to the SDGs. SEAF designates specific individuals at each fund who are responsible for tracking and reporting the fund's impact to ensure we are delivering against the targets set prior to investment. This information is then aggregated at the portfolio level by SEAF's dedicated Impact Team to measure the scope of the organization's impact across all of its active funds.

SEAF is consistently looking to improve the means by which we deliver, manage and report our impact. As we continue to develop our program, we recognize the need to better align compensation with impact achievement. As such, we are piloting a program that ties a fund manager's compensation to the achievement of a fund's impact performance.

Principle 3

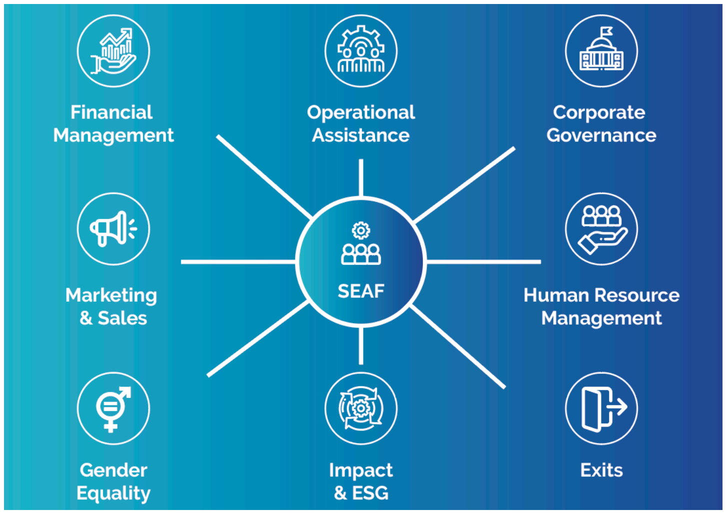
Establish the Manager's contribution to the achievement of impact. The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative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

SEAF provides investees with the risk capital, technical assistance, and networks to maximize their impact

Alongside the provision of risk capital, SEAF pursues an active partnership with its portfolio companies, beginning at the time of investment and continuing through the life of the investment. SEAF recognizes that enterprises need additional support to develop its managerial capacity, market reach, and operational efficiency as much as it needs capital. We therefore provide our investees with significant technical assistance, from initial investment through the life of the investment until our exit, and, at times, after that.

Throughout our three decades of work, we have found that most entrepreneurs concentrate on specific skills relevant to their business vertical (e.g., fish farming or computer software integration). Frequently they have not fully developed the various horizontal skills, such as financial controls, human resources, and working capital management, required to run a successful company. We assist entrepreneurs in developing their vertical skills by focusing on the horizontal. We communicate relevant performance benchmarks for their specific sector and arrange for portfolio companies to attend and learn from expert visits and regional and international trade shows. Through this training, we help entrepreneurs scale their businesses, as well as develop trust and credibility, both of which are vital to their success.

SEAF seeks to provide hands-on support at every stage of a company's growth. While the economic, business, and legal contexts in which we operate can vary across funds and portfolios, the SEAF management team always incorporates assistance in financial management, operations, marketing and sales, corporate governance, human resources management, gender equality, impact, and ESG, and exit strategy.



For example, SEAF commonly works to help institutionalize the company's framework for corporate governance and risk management. This process can include formalizing a management team and board of directors, establishing audit procedures, and implement human resource policy frameworks. We typically dedicate resources to improve financial reporting, processes, and controls.

These non-financial contributions made during the year are documented by the fund managers in the SEAF annual impact survey. The fund manager's plans to provide additional technical assistance in the coming year are also documented in this survey.

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 systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards[4] and follow best practice.

SEAF quantifies the baseline level of impact and goals for each company using industry-standard IRIS+ metrics, the SDGs, and our Gender Equality Scorecard©

Prior to investment, SEAF works with each investee to assess how to maximize the company's positive impact. SEAF helps the company establish a baseline level of impact and create impact projections to target alongside financial returns. When developing these impact projections, SEAF considers the potential challenge's "market size" and assesses what contribution the investee might be able to achieve to address said challenge. SEAF accounts for the impact each investee will have, not only on its direct employees and its community but also on the investees' suppliers, clients, and others, depending on the nature of the investee's business. SEAF employs the IRIS+ metrics, the SDGs, and the Gender Equality Scorecard©, to quantify the investee's baseline and intended impact.

IRIS+ metrics: Industry-standard IRIS+ metrics allow SEAF to measure impact through comparable and credible data best practices. SEAF uses some common IRIS+ metrics across all investees to measure themes such as job creation and taxes paid, while selecting other IRIS+ metrics in partnership with investees to measure impact tailored to their specific industry, such as carbon emissions avoided/offset by a renewable energy company.

United Nations Sustainable Development Goals (SDGs): Since 2018, each new SEAF investment has been required to identify each SDG that it is targeting or likely to impact in addition to *SDG 8 - Decent Work and Economic Growth*. Additionally, SEAF's approach to investment aligns with *SDG 17: Partnerships for the Goals*. Accordingly, each investment typically aligns with multiple SDGs.

Gender Equality Scorecard© (GES): The GES© is a tool developed internally by SEAF to assess women's economic empowerment and gender equality within individual investment opportunities and portfolio companies. The tool establishes a rating system structured around six gender equality vectors: pay equity, workforce participation, leadership and governance, benefits and professional development, workplace environment, and women-powered value chains. SEAF has deployed the GES© across its funds to:

- Identify companies already demonstrating a commitment to gender equality
- Assess portfolio companies' level of demonstrated gender equality to determine areas of improvement over the investment hold period as a value creation activity
- Provide guidelines to improve the underlying parameters of each gender equality vector
- Leverage the resulting data to help us analyze the impact of improving gender equality on increasing investment returns for investors, thus validating SEAF's investment thesis.

SEAF assists each portfolio company to reach a minimum of 2.5/5 on each gender equality vector while encouraging companies to push beyond this score and providing them with the tools necessary to work to become leaders in gender equality.

After mapping the investees' intended impact against IRIS+ metrics, the SDGs, and the GES©, SEAF assesses the likelihood of the Investee achieving its expected impact.

Going forward, SEAF intends to enhance the review of the factors that could affect this expected impact. As of 2021, each fund manager will be required to report on potential impact risks to each active portfolio company. These impact risks fall into nine categories, as defined by the Impact Management Project. The fund managers will then be required to report on which impact risks affected the impact performance of each investee. These impact risks are also required to be identified in the investment memo of any potential portfolio company for it to be considered by the SEAF Global Investment Committee. SEAF is currently exploring processes to systematically quantify and track the indirect and systemic impact of its investments.

Principle 5

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

All SEAF funds follow the SEAF Social & Environmental Risk Management System, which was developed based on the IFC Performance Standards

All SEAF funds follow the SEAF Social & Environmental Risk Management System (SEMS), which was developed based on the International Finance Corporation Performance Standards. SEMS sets out detailed policies and procedures to assess and manage any potential negative impacts of investments. SEAF does not invest in high-risk companies and uses the SEMS to ensure – to the best of our abilities – that our investments under consideration are environmentally and socially sound and sustainable.

For each potential investment, SEAF conducts an environmental assessment to evaluate any potential environmental or operational risks. SEAF discusses its environmental policies with potential investees and identifies any action items that could improve the company's environmental, social, and governance performance. Every reasonably justified effort is made during the pre-investment due diligence process to identify possible adverse environmental consequences associated with each potential investment, and these are included in a Social and Environmental Due Diligence Report. A summary of this report is included in each Investment Memorandum to ensure that any potential consequences are considered in the decision of whether to invest or not. An investment agreement may also include any appropriate environmental clauses or conditions.

After making an investment, SEAF Funds continue to monitor and work to mitigate any potential negative impact of the investee's ongoing operations. Annual reviews are conducted to gauge progress and achievements and to set new action plans. The SEAF Environmental Manager oversees, monitors, and supports implementation and compliance with these policies.

Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately. The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action.[8] The Manager shall also seek to use the results framework to capture investment outcomes.

SEAF monitors investees' achievement of impact through our annual impact survey

Each year, the SEAF Impact Team deploys an annual impact survey to measure the achievement of portfolio company impact and assess SEAF's role in helping a portfolio company achieve its goals. Each of SEAF's local fund teams engages with their portfolio companies to complete the Survey, with visits made to each company by SEAF fund managers on a biannual basis, at a minimum.

Investees provide quantitative data to measure alignment with the IRIS+ metrics, ESG risks, and Gender Equality Scorecard© metrics, as well as qualitative feedback and detail on the technical assistance provided by SEAF. The survey is then analyzed by the SEAF Impact Team. Should a company fail to achieve the impact targets established in its Investment Memorandum prior to investment, the Impact Team advises the firm on actions that could be taken to catalyze improvements and, if necessary, revises these impact projections. SEAF then publishes an impact report with its findings.

Principle 7

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

SEAF seeks to ensure each investee's sustained impact through the careful management of exits

Consistent with SEAF's mission, conducting exits with intentional impact in mind is core to the lifecycle of all investments. SEAF takes considerable steps to find exit partners who will maintain the vision of the portfolio company and its management, SEAF, and other stakeholders, including employees, suppliers, customers, and the broader community.

During the exit process, the investment officer completes an exit survey, which seeks to determine the expected effect the exit will have on the portfolio company's sustained impact. The survey includes detailed questions regarding buyer due diligence (e.g., stated intention of purchase, prior acquisitions, labor practices) and management continuity. The surveys are reviewed and approved by the Fund's Investment Committee and are taken into consideration, along with a variety of other factors, when SEAF Fund managers are assessing exits.

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.

The SEAF Impact Team measures and manages investee impact and applies lessons learned

SEAF is committed to the notion of continuous learning. In addition to reviewing the impact performance of individual companies, funds, and portfolio as a whole, the SEAF Impact Team also reviews the general standing of the impact program on an annual basis, adjusting practices as necessary. This review includes the firm's ESG screen to ensure portfolio companies are avoiding or mitigating any negative impacts. Beginning in 2021, an internal SEAF Impact Audit Committee will provide feedback on the firm's overall impact program and guide impact decisions moving forward, as detailed in the following Principle.

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.

SEAF has developed an internal audit committee to review our impact program and verify our alignment with the Operating Principles for Impact Management

SEAF commits to intentionality and transparency within its impact program and agrees to regular independent verification of alignment with the Principles on an annual basis. The organization has developed the SEAF Impact Audit Committee ("SIAC"), a subset of the SEAF Board of Directors Audit Committee. Beginning in 20221, the SIAC will review and verify SEAF's alignment with the Principles and commitment to impact throughout its program. This formal verification of alignment will be completed by June 2021 and published on the SEAF website.

The SIAC will be provided with the resources underlying SEAF's Impact Program, such as our Theory of Change, our active partnership model, our annual impact survey, and the SEAF Social & Environmental Risk Management Survey. The SIAC is also provided with access to the SEAF Impact Team and to any of our team members across our global offices to answer questions on specific companies.

The SIAC measures SEAF's compliance with the Principles through the use of the Impact Audit Committee Scorecard, developed internally based on industry best practices. The Scorecard provides a rating of Low, Moderate, High, or Advanced compliance. Receiving an "Advanced" rating on any of the nine Principles designates complete implementation of that principle, while a rating of "High" would indicate significant depth of compliance and quality documentation, but perhaps not complete implementation of all aspects of the Principle. The SIAC also highlights any areas of low or moderate compliance, which the Impact Team can work to improve.

While reviewing SEAF's impact performance against the Scorecard, the SIAC is encouraged to identify critical areas for improvement. Even where SEAF may have high or advanced alignment with certain principles, the SEAF Impact Team hopes the SIAC will identify areas for improvement to continue to push our impact program forward.