SEAF Disclosure Statement

Operating Principles for Impact Management

January 31, 2023

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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). SEAF also works through its Centers for Entrepreneurship and Executive Development (CEED) to provide members with a network of peer learning, business support, and access to global markets.

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 Impact Principles' best practices. We value the framework the Impact Principles provide for us to design and implement our impact management system throughout the lifecycle of our investments.

We are proud to announce that in 2022 SEAF underwent a third-party assessment of its performance against the Operating Principles for Impact Management. This assessment was carried out by BlueMark, producing satisfactory results and valuable insights into SEAF's practice. BlueMark also provided concrete recommendations which SEAF is already in the process of implementing across all of its funds.

SEAF hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles"). This Disclosure Statement applies to all SEAF assets under management.

Paul Sheehan, SEAF CEO
January 31, 2023

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 provides growth capital and operational support to small and medium-sized enterprises (SMEs) in emerging markets to build climate resilience, food security, and inclusion. SEAF's global reach, on-the-ground local presence, and proactive business model enable entrepreneurs to accelerate their businesses' growth and profitability while achieving meaningful and measurable impact. 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.

SEAF also operates Centers for Entrepreneurship and Executive Development (CEED) which provide training, education, peer networking, and global market access to its members. These centers have a long history of sustainably operating in emerging markets and providing results for its members.

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. While SEAF seeks to deliver commercially attractive financial returns, it also pursues the tandem objective of generating strong and sustainable impact through those investments.

The Impact and ESG Due Diligence relies on SEAF's internally developed tools, the SEAF Impact Scorecard and Gender Equality Scorecard. These tools were developed by SEAF HQ Impact Team in collaboration with staff at different SEAF funds specifically for assessing ESG and Impact in SMEs. The tool covers three different areas—ESG, Impact, and Investment Additionality. The main concepts of the scorecard have come from extensive research of industry tools and best practices; a review of the frameworks SEAF currently leverages, including the Impact Principles and the Taskforce on Climate Related Financial Disclosures (TCFD); and internal working group sessions with investment officers around the globe, who identified and validate the components of each of the three areas. Throughout this process, SEAF's investment lenses of Inclusion and Climate Resilience played an important role in developing the SIS metrics.

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.

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.

Through CEED, SEAF seeks to provide a global network to its members, whether they are investee companies or not. These networks allow members to have access to peer learning, top class mentoring, and other benefits that come with a community of like-minded and high-achieving business owners.

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. Impact and ESG Due Diligence are an essential part of the overall due diligence for every investment. By including Impact and ESG as essential and at the beginning of due diligence, we are also aiming to signal to the company and other players in the ecosystem of the importance of impact management in their investments. 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 employs the IRIS+ metrics, the SDGs, and the Impact Scorecard and Gender Equality Scorecard©, to quantify the investee's baseline and intended impact.

To demonstrate progress toward those impact goals, SEAF has adopted several frameworks into its Impact Management, mainly:

- UN Sustainable Development Goals
- Taskforce for Climate Related Financial Disclosures
- Operating Principles for Impact Management
- IFC Performance Standards

In addition to these, the fund has also adopted elements from widely recognized resources such as:

- British Investment International ESG Toolkit
- Impact Management Project
- IRIS+

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.

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

All SEAF funds follow the SEAF Social & Environmental Risk Management System (SEMS). 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 and social assessment through its Impact Scorecard 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 ESG & Impact 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.

For more information on SEAF's impact program, please see the following resources:

Impact and ESG overviews: www.seaf.com/creating-impact
Gender Equality Scorecard©: www.seaf.com/gender-equality-scorecard

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 Impact 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 Impact 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 Impact 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 2021, the SIAC will review and verify SEAF's alignment with the Impact Principles and commitment to impact throughout its program. The SIAC will comprised of at least 3 qualified persons, who will have confirmed independence from operations and the investment decision process, and the verification will indicate the verification process that was followed. This formal verification of alignment will be 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. 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.

While reviewing SEAF's impact performance, 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. The SIAC should provide its first verification in the summer of 2022, and thereafter on an annual basis.

In 2022, SEAF underwent an external evaluation by BlueMark, assessing SEAF's performance against the Operating Principles for Impact Management, receiving satisfactory results. SEAF is currently working towards implementing the recommendations that resulted from this assessment.