OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

SAHEL Capital

Sahel Capital Holdings Disclosure Statement

November 2022

Sahel Capital Holdings (the "Signatory") hereby affirms its status as a signatory of the Operating Principles for Impact Management (the "Principles")

Total assets under management in alignment with the Principles stands at US$90.9 million as of 31 October 2022.The disclosure statement covers the following Funds

- Fund for Agricultural Finance in Nigeria ("FAFIN") – USD 65.9 M
- Social Enterprise Fund for Agriculture in Africa ("SEFAA") – USD 25.0 M

The reporting period for the purposes of this verification runs from 1st November 2021 to 31st October 2022.

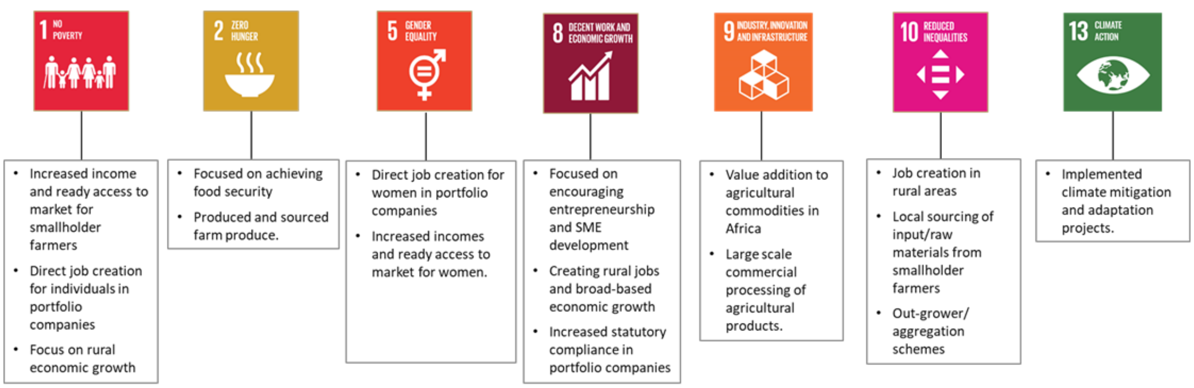
PRINCIPLE 1: DEFINE STRATEGIC IMPACT OBJECTIVE(S), CONSISTENT WITH THE INVESTMENT STRATEGY.

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.

Sahel Capital is a private investment firm focused on the food and agriculture sector in sub-Saharan Africa. Sahel Capital has depth of experience across a broad range of crop and livestock value chains; integrated processing operations; branded packaged foods; and related services. Our vision is to be and be recognized as the foremost food and agriculture private investment firm in Africa. Central to our ethos is our mission to: Provide Capital; Leverage Knowledge; Build Companies; Generate Returns; and Impact Lives

Sahel Capital is Fund Manager and Investment Advisor for the Fund for Agricultural Finance in Nigeria (FAFIN) and the Social Enterprise Fund for Agriculture in Africa (SEFAA) respectively with total Assets under Management of $90.9 million.

Sahel Capital through the Funds is expected to generate and preserve jobs, and to deliver on important sustainable development goals (SDGs) such as: ending poverty (SDG 1); eliminating hunger (SDG 2); gender equality (SDG 5); offering decent work and economic growth (SDG 8); industry, innovation, and infrastructure (SDG 9); reducing inequalities (SDG 10) and climate action (SDG 13).



The Fund for Agricultural Finance in Nigeria ("FAFIN") is an innovative agribusiness-focused private equity fund that provides tailored investment capital and technical assistance to high-growth, commercially attractive agricultural SMEs across all regions in Nigeria using quasi-equity, equity and structured debt instruments. FAFIN was established to address a portion of the estimated US$5 billion funding gap in long-term, growth-oriented finance for agribusiness SMEs in Nigeria, while ensuring sustainable development impact within the sector.

FAFIN's investors include the African Development Bank, British International Investment, Dutch Good Growth Fund (managed by Triple Jump), KfW Development Bank, the Nigerian Federal Government (via the Federal Ministry of Agriculture and Rural Development and the Federal Ministry of Finance), and the Nigeria Sovereign Investment Authority.

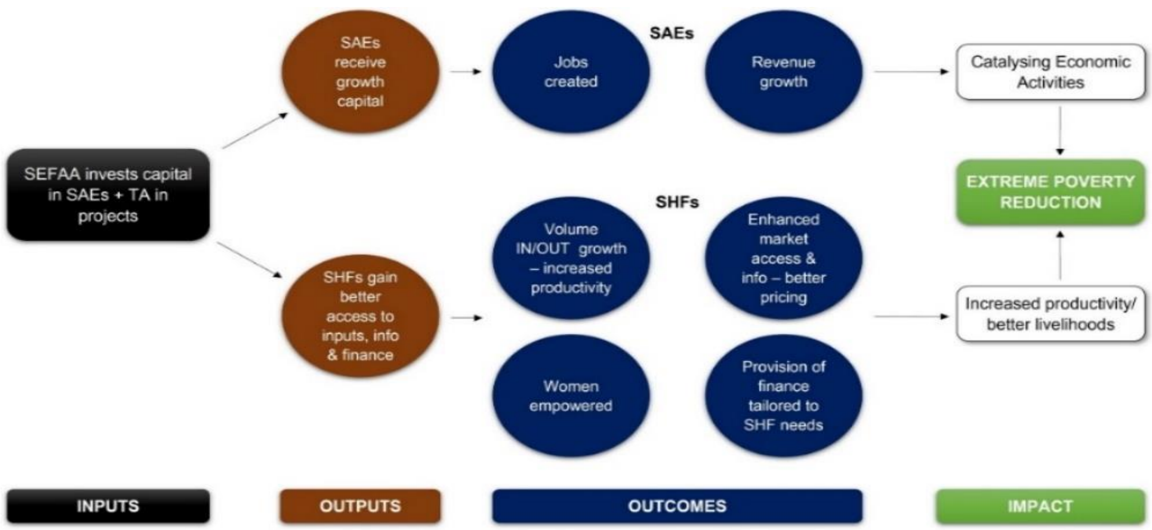
Investment Focus: FAFIN invests in opportunities that improve food security, enable import substitution, fix challenges along value chains, and meet the growing food consumption demand of Nigeria's growing middle class.

FAFIN development impact themes cover five (5) fundamental areas that are pivotal for the transformation of the food and agricultural sector in Nigeria this includes Employment Creation, Revenue Generation, Inclusion of smallholder farmers, Increased Food Security, and Improved Efficiency of Value Chains.

Social Enterprise Fund for Agriculture in Africa ("SEFAA") is our impact-first fund focused on enhancing the business ecosystem for smallholder farmers in Sub-Saharan Africa. SEFAA's theory of change is that significant poverty alleviation can be achieved by improving the productivity of smallholder farmers (SHFs) by providing growth funding to viable Social Agricultural Enterprises (SAEs) providing products and services to SHFs or rural MSMEs.

Investment Focus: SEFAA invests in Social Agricultural Enterprises ("SAEs") and/or intermediaries that: Increase productivity of smallholder farmers or other SAEs, address market access limitations and information asymmetries for smallholder farmers or other SAEs, offer agricultural finance adjusted to the specific needs and production cycles of smallholder farmers or other SAEs.

Through SEFAA's targeted impact of reducing poverty through its investments, the fund is also expected to create and preserve jobs and deliver on six UN sustainable development goals (SDGs 1, 2, 3, 4, 5 and 6). Over the life of the Fund, SEFAA expects to reach over 100,000 SHFs directly and indirectly.



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.

All investments are evaluated based on the five (5) impact themes and theory of change to ensure compliance with the impact thesis and investment model.

Sahel Capital has developed an online impact assessment and monitoring portal to aggregate ESG performance indicators and impact metrics across its portfolio companies. The database is used to implement the impact framework to enhance its decision-making process.

Specific ESG and Impact metrics in line with the portfolio companies' operating strategy and value chain are collected on a weekly, monthly, or quarterly basis, the data are captured into the database to analyze portfolio performance using the impact dashboard.

The annual portfolio impact target is evaluated as part of the Funds annual non-financial performance indicators. A part of the employee bonuses is based on achievement of specific impact key performance indicators linked to the Funds' targeted annual impact.

Sahel publishes an annual Impact Report which highlights the aggregated data across the portfolio companies and presents impact initiatives implemented across the portfolio companies.

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.

We adopt robust and globally accepted ESG and impact standards pre- and post-investment to assess and measure the impact of our investments. We incorporate ESG practices from deal sourcing to portfolio exit. This approach helps our portfolio companies mitigate operating risks, improve well-being of all stakeholders, establish effective corporate governance structures, and support sustainable social impact.

In line with our investment process, we conduct ESG due diligence and impact baseline assessment based on national and international regulations, performance standards and guidelines. This is carried out by in-house professionals or through external consultants depending on the size of investment and value chain.

As outcomes of the ESG due diligence and impact assessment, environmental and social action plans (ESAP) and baseline line data are developed respectively. The portfolio company undertake to implement the ESAP by signing an investment covenant while the baseline data is used to monitor the performance of the portfolio companies.

We provide regular ESG training and capacity building to assigned and dedicated ESG officers/managers of our portfolio companies.

We report on ESG to our investors to demonstrate our commitment to its practices, standards, and principles.

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 and follow best practice.

Investment opportunities are screened against our five (5) impact themes and theory of change to ensure the prospective portfolio company meets the impact requirements of the Fund to secure the preliminary investment approval by the investment committee (IC). Upon completion of the investment due diligence, the portfolio company's alignment with the Fund's impact requirements is confirmed to obtain the final investment committee approval. Sahel Capital has developed an online impact portal aligned with its Impact principles and procedures to map the impact metrics from portfolio companies.

Prior to disbursement of funds, an external consultant is engaged to work with the portfolio company in identifying the stakeholders and to develop appropriate quantitative and qualitative questionnaire to conduct the baseline impact assessment.

The baseline data is captured in the online impact portal and used as indicators to measure the portfolio company's impact performance. The impact parameters are determined based on the portfolio companies value chain, location and operational model in alignment with IRIS+ considering its global acceptable principles of impact measurement.

Sahel leverages on the Fund's technical assistance facilities to implement specific interventions that will enhance the portfolio companies impact performance.

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.

ESG is an integral component of our overall investment process. Our in-house ESG specialist supports the investment team through all stages of the investment process and provides ESG oversight across all the portfolio companies.

The ESG policy and guidelines are tailored to the integrated performance standards of the International Finance Corporation (IFC), operational safeguards of the African Development Bank (AfDB), BII's Code of Responsible Investing, KfW sustainability guidelines, Dutch Good Growth Fund ICSR Principles, and Nigerian Sustainable Banking Principles. For additional details on our Funds Environmental and Social Management Systems (ESMS) please refer to FAFIN ESMS and SEFAA ESMS.

These ESG tools help to mitigate identified risk, unlock opportunities, and develop value creation across the portfolio companies, thus promoting a sustainable ecosystem. Depending on the investment size and value chain, ESG due diligence is carried out by either the in-house ESG expert or by external consultants based on their areas of expertise.

As an output of the ESG due diligence, an ESG environmental and social action plan is developed for each portfolio company highlighting appropriate mitigating measures for identified risks and approach to enhance the opportunities.

The ESG and Impact team provides continuous support to portfolio companies to integrate ESG standards in their operations by promoting best operating practices to enable sustainable value creation and develop a sustainable ecosystem through our responsible investment strategy.

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. The Manager shall also seek to use the results framework to capture investment outcomes.

In line with its ESG policy, impact development principles and theory of change, Sahel conducts ESG due diligence and impact assessment on every investee company. The data obtained from the due diligence exercise and impact assessment is used to establish the baseline parameters to determine areas of opportunities and improvement at each of the portfolio companies.

The portfolio companies conduct periodic data collection as applicable (weekly, monthly, and quarterly) and input the data in the online impact portal for performance tracking and monitoring by the Sahel ESG and Impact team.

Sahel ESG and Impact team generates quarterly report for each portfolio company, analyzing the aggregated quarterly data against the baseline data. This is used to track and monitor the performance of each portfolio company and highlight areas of improvement.

Annually, Sahel publishes the aggregated portfolio companies' ESG and development impact data in its Impact Report highlighting the portfolio companies' individual achievements.

We measure and report on key metrics that highlight the ongoing social and economic impact of our investments relative to relevant SDG Goals.

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.

Most companies are usually not attentive to ESG issues and impact metrics prior to Sahel's involvement. During the life of the investment, Sahel works closely with the founders/management team to resolve ESG issues highlighted in the environmental and social action plan (ESAP) and impact opportunities identified by the baseline impact assessment.

The objective is to ensure that upon exit the company has a strong ESG and impact scorecard that increases its attractiveness to incoming investors.

Sahel has recorded its first exit under the Fund for Agricultural Finance in Nigeria.

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.

Sahel Capital takes an active role to set and achieve the impact targets of its portfolio companies. Prior to closing a transaction, Sahel Capital develops a clear plan to drive impact metrics at portfolio companies. This plan is reviewed and agreed with the Founders/sponsors prior to closing the investment.

The portfolio companies submit quarterly and annual ESG and impact report to Sahel, the reports are analyzed to identify areas of improvement, pending environmental and social action plan and corrective actions.

PRINCIPLE 9: PUBLICLY DISCLOSE ALIGNMENT WITH THE PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION OF THE ALIGNMENT.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This disclosure statement re-affirms Sahel Capital's alignment to the policies and procedures of the Principles and will be updated annually. The disclosure statement will be published on Sahel Capital website.

In compliance with the requirements of the Impact Principles, Sahel Capital Holdings first independent verification statement will be published by the end of Q3 2023.