

Sustainable Value Through Active Ownership

Sustainability Report 2023/2024

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Founding Chairman's Opening Letter

"Building Portfolio Resilience Through Active Ownership"

The past 12 to 18 months have been a demanding business environment in Asia with rising global geopolitical tensions coupled with extreme and turbulent weather events. This makes our sustainable investment approach and active ownership of our portfolio companies even more important in building strong and resilient businesses that deliver long-term value.

As testament to Affinity's sustainable investment philosophy and active management of our portfolio companies, in 2024, we are delighted to announce **two successful exits** from our Fund IV and V portfolio. Both companies that we exited, PT Industri Jamu dan Farmasi Sido Muncul TBK ("Sido Muncul") and Shinhan Financial Group ("Shinhan")¹, have demonstrated deep integration of environmental, social and governance ("ESG") principles into their businesses and operations, creating **resilient and sustainable value** through their ESG initiatives.

In recognition of our **ESG value creation work** with Island Hospital Sdn Bhd ("Island Hospital"), Island Hospital won the **"Most Sustainable Healthcare Institution of the Year"** Award at the 2024 GlobalHealth Asia Pacific Summit. This was one of the five awards that Island Hospital won, including the prestigious "Hospital of the Year in Asia-Pacific" Award.

¹Partial exit of Shinhan Financial Group

We are also proud to have received the highest possible score of **5 out of 5 stars in the 2023 Principles for Responsible Investment ("PRI") assessment for the Policy Governance and Stewardship and Private Equity modules**. This scoring represents our commitment towards responsible investment and is a clear recognition of our leadership in Asian Private Equity.

This report is Affinity's third annual Sustainability Report reflecting on our responsible investment progress in 2023/2024. Below are some highlights that I am pleased to share.

ESG Governance

In support of better ESG integration and governance of ESG matters, we set up an ESG Committee in 2024. I personally support the ESG Committee as the committee chair to ensure that ESG is championed at the highest level at Affinity. The objectives of the ESG Committee are to (1) formalize Affinity's internal review system for ESG policies and new initiatives; (2) gather feedback from a broader range of stakeholders in implementation of new initiatives; and (3) improve engagement of our colleagues on ESG matters.



TANG Kok-Yew

Founding Chairman & Managing Partner

Affinity Equity Partners

Climate Commitment and Capabilities

In November 2022, we announced our climate goals at our Annual General Meeting (“AGM”). We committed to reduce our operational emissions by 2025 from a 2019 base by 50%, and to be net zero in our operations by 2030. At the portfolio company level, all control investments will set net zero climate goals within two years of ownership. For minority investments, we will implement a stewardship and engagement strategy consistent with this approach.

In 2023, **two out of our five** control investments have pledged net zero by 2050. These are M-DAQ Global Pte Ltd (“M-DAQ”) and ServeOne Co., Ltd (“ServeOne”). M-DAQ has developed a transition plan and is on track to meet its net zero commitment. ServeOne is currently developing its net zero transition plan.

100% of our Fund V portfolio companies report on their Scope 1 and 2 carbon emissions. As testament to our portfolio companies’ continuous efforts to reduce their emissions, **in FY2023, we saw a 5.17% carbon efficiency improvement as compared to FY2022.**

In continuing our work to enhance our climate capabilities, we are building our in-house capabilities to measure Scope 3 emissions and have started a pilot with selected portfolio companies to engage them on their supply chain emissions.

Diversity and Inclusion (“D&I”)

Affinity believes that a diverse and inclusive workplace is pivotal to our success as a Firm. We continue to advance on supporting our female colleagues in our Firm and in our portfolio companies. We do this through interviewing and shortlisting at least one female in every open role, hiring more women into decision-making roles and mentorship opportunities. At the portfolio company level, 69% of our portfolio companies now have one or more female board members.

Active Ownership

We believe in active ownership of our portfolio companies. In 2023, we conducted ESG engagements with 100% of Fund V portfolio companies. 85% of our Fund V portfolio companies have an ESG policy or equivalent. In October 2023, we held our annual CEO Roundtable session in-person in Seoul to engage our portfolio companies’ CEOs and Affinity’s senior investment professionals on the latest ESG developments, and to share knowledge and best practices among the portfolio companies.

Industry Engagement

We are an active contributor to the private equity industry. In 2024, Affinity Partner Queenie Ho was appointed the co-chair of the Hong Kong Venture Capital and Private Equity Association’s ESG committee. Our Head of ESG and Sustainability, Sarah Pang, is part of a number of industry working groups including the PRI in Person forum, PRI Net Zero working group, ESG Data Convergence Initiative (“EDCI”) and the Singapore Venture Capital and Private Equity ESG committee. We are an active committee member of the Asian Chapter of the Initiative Climat International (“iCI”).

I hope this Report gives you useful insights into our ambition to drive positive changes across our Firm and in our portfolio companies as we continue to build resilient and sustainable value.

Yours faithfully,

KY Tang
Founding Chairman and Managing Partner



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About Affinity

Organizational Overview

Affinity Equity Partners –
Pan Asian Private Equity Pioneers

Affinity Equity Partners is one of the largest and longest established, 100% independently owned private equity firms in Asia. Led by an experienced leadership of 7 partners and 11 managing directors, Affinity has local investment teams of diverse networks and expertise consisting of 62 professionals in 5 offices across Asia Pacific.

Our investment track record spans the last 26 years. Guided by our values of resilience, intellectual honesty and teamwork, we have built longstanding partnerships with management teams. We have created sustainable value across multiple funds for our investors - some of the largest pension funds, sovereign wealth funds, and financial institutions globally.

As of 14 August 2024, Affinity has invested US\$ 9.5 billion in capital, executing 59 transactions with a total transaction value of US\$ 22 billion.



2023 and Early 2024 Sustainability Highlights

54%

of our portfolio companies¹ use renewable energy, up from 31% in 2022

5* Score for PRI Assessment

in Policy, Governance and Strategy and Private Equity modules in 2023

Set up of ESG Committee

to improve governance and engagement

69%

of portfolio companies¹ have at least one female board member

85%

of our portfolio companies¹ have an ESG policy or equivalent

100%

of our portfolio companies¹ report on their Scope 1 and 2 GHG emissions and EDCI KPIs in 2023

5.17% Improvement from 2022

Weighted Average Carbon Intensity of Fund V is 9.29 tCO₂e per million dollars revenue

2 out of 5

control investments¹ have made a net zero pledge

100%

investment professionals trained on Scope 3 and supply chain emissions

ESG Awards

Island Hospital “Most Sustainable Healthcare Institution in Asia Pacific” in the 2024 GlobalHealth Asia Pacific Summit

Active Industry Contributor

to the EDCI, PRI in Person 2024 Advisory Group, PRI Net Zero Working Group and iCI Asia Chapter

2 successful exits in 2024

where ESG was a key part of the company's value creation initiatives

(Sido Muncul and Shinhan)

c. 92,500

jobs supported by our portfolio companies¹

¹Within our Fund V portfolio



03

ESG Strategy & Governance

ESG Strategy & Governance

ESG has always been part of Affinity's investment ethos. We believe that integrating ESG principles into our decision-making process is integral for developing a sustainable long-term investment environment. Integrating ESG aligns the interests of Affinity, our portfolio companies, and our investors – some of the largest pension funds, sovereign wealth funds, and financial institutions globally.

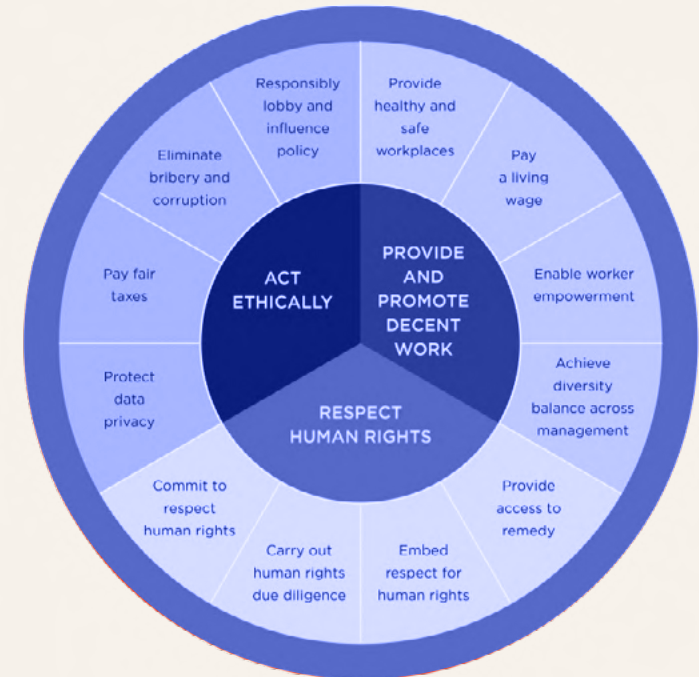
We have been proud signatories to the PRI since 2017. In 2023, we achieved 5 out of 5 stars in both "Policy, Governance and Strategy" and "Private Equity" modules, improving from 4 out of 5 stars in our previous assessment. For PRI's newly launched "Confidence Building Measures" module, we received a score of 4 out of 5 stars in our first year of reporting.

Responsible Investment Policy

Our Responsible Investment Policy ("Policy") and Operating Guidelines on Integrating ESG Issues in Investment Process ("Guidelines") apply to all new and existing investments. Our investment professionals are expected to adhere to and comply with the Policy and Guidelines.

Our Responsible Investment Policy embraces the six principles of the PRI and the ten principles of the UN Global Compact, as well as the Task Force for Climate-Related Financial Disclosure ("TCFD") and United Nations Guiding Principles for Business and Human Rights ("UNGPs"). It includes a negative investment list composed of prohibited investments whose activities violate human rights and global conventions. We regularly update our Policy to consider the latest developments in the ESG landscape.

In 2024, we adopted the World Benchmarking Alliance's ("WBA") Social Transformation Framework, supported by PRI,



within our Policy and Guidelines to strengthen the monitoring and stewardship of human rights within our investments.

The Social Transformation Framework's goal is to respect human rights, through providing and promoting decent work. Through ethical business actions, companies can support the Sustainable Development Goals ("SDG"), address inequalities and contribute to a sustainable future.

At Affinity, we believe that the Social Transformation Framework helps support building an equitable society. The twelve social ESG KPIs that the framework employs represent good corporate practices with regard to human rights. We have enhanced our Guidelines to include these social ESG KPIs to assess and monitor our portfolio companies' progress on the integration of human rights in their businesses.

More details of our Policy can be found on our [website](#).

ESG Oversight

At Affinity, oversight of the ESG program lies with the Founding Chairman. The Investment Committee ("IC"), comprising Affinity Partners, is responsible for evaluating ESG risks and opportunities throughout the investment lifecycle.

In 2024, an ESG Committee was formalized to enhance the integration and governance of ESG matters within Affinity. The objectives of the ESG Committee are to: (i) formalize our internal review system for ESG policies and new initiatives; (ii) gather feedback from a broader range of stakeholders in the implementation of new initiatives; and (iii) improve internal stakeholder engagement on ESG matters.

Detailed day-to-day management of ESG work, including pre-investment due diligence, engagements with our portfolio companies and post-investment value creation, is led by the ESG and Sustainability Team and supported by all of our investment professionals. Affinity's internal risk management team, the Portfolio Management Group ("PMG"), independently monitors ESG risks and the progress of post-investment ESG initiatives.

ESG in the Investment Life Cycle

ESG integration is well-embedded in our investment process. When assessing potential investment opportunities, as part of the due diligence process, Affinity's investment professionals undertake an assessment of the ESG risks and opportunities, leveraging our in-house ESG due diligence toolkit and external advisors as necessary. Post investment, our active ownership roles and board representation on portfolio companies enable us to collaborate closely with management, implement initiatives and address any ESG concerns.



Pre-Investment

- ESG risks and opportunities are assessed on a deal-by-deal basis for every investment opportunity
- Investment professionals utilize an in-house due diligence toolkit based on the Sustainability Accounting Standards Board ("SASB"), TCFD and UNGPs to flag material ESG issues
- Where necessary, external consultants are engaged to conduct thorough due diligence
- ESG risks, opportunities and action plans are incorporated into investment memos which are considered at IC meetings



Post-Investment

- Investment professionals and the ESG and Sustainability Team work closely with the management of portfolio companies to develop, implement and monitor the progress of ESG initiatives
- ESG matters are included in board discussions at portfolio companies
- At our quarterly portfolio review and valuation meetings, the Affinity Partners discuss ESG issues relating to their portfolio companies
- ESG KPIs are collected and reported on an annual basis

PORTFOLIO HIGHLIGHT

HDBank: Sustainability in Banking - Strategies for Lasting Success

"HDBank has clearly defined a strategic vision to become a dynamic and modern retail bank, pioneering digital products and services in Vietnam. We aim to be a happy and humane bank, leading in community and social welfare activities, promoting business sustainability for vulnerable groups."

Nguyen Thi Phuong Thao
Vice Chairwoman, HDBank



Established in 1989, Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank") is the fifth largest privately-owned bank in Vietnam. Since our investment in 2020, Affinity has collaborated with HDBank to enhance its ESG program. Alongside other investors, we have contributed to strengthening the bank's ESG governance.

ESG Progress, Commitments and Capabilities

HDBank has strengthened its risk management and corporate governance by implementing Basel III standards and establishing ESG policies for sustainable banking.

In January 2024, Dr. Văn Công Bình assumed the role of Environmental and Social Director, bringing over 15 years of banking experience and expertise in quantitative ESG modelling for banks. In addition, an ESG Committee has been formed to guide ESG initiatives, oversee the bank's ESG program, and set specific ESG targets. In May 2024, HDBank released its inaugural sustainability report to enhance corporate transparency.

Enhanced ESG Due Diligence for Loans

In 2023, HDBank implemented an Environmental Social Management System ("ESMS") as part of its client onboarding and loan due diligence process. This system assesses the environmental and social risks and opportunities associated with new clients, facilitating effective risk management in lending activities. Higher-risk transactions are identified and addressed by screening loan applications against exclusion lists and risk factors. Recommended appropriate actions are then provided based on the identified level of risk. To ensure full integration of the ESMS into its operations, HDBank is conducting training sessions with the Pacific Risk Advisors ("PRA") to equip relationship managers with the skills to apply the ESMS for effective ESG due diligence.

Improved Governance Yielding Favorable Returns

By ensuring full regulatory compliance and adopting internationally recognized practices in ESG, HDBank has honored its commitment to creating long-term value for shareholders. For the financial year ended 31 December 2023, pre-tax profits surged 26.8% to VND13.0 trillion (US\$542.4 million).

Supporting Women-Owned Businesses and Renewable Energy

HDBank has actively developed financial products to support sustainable development. One such initiative includes a tailored loan product worth VND 3.4 trillion, aimed at empowering women-owned businesses. In 2023, the Bank extended financial assistance to 340 women-owned enterprises. Furthermore, HDBank has committed to providing at least VND 10 trillion in credit to facilitate green financing for eligible solar power projects in Vietnam, in line with the government's sustainable development goals.

Industry Recognition

HDBank has been included in the Ho Chi Minh City Stock Exchange's VN-Diamond Index and has maintained its position in the Sustainable Development Index. In 2023, HDBank received the "Outstanding Bank for Green Credit" award from IDG Vietnam, the "Board of the Year" award from the Vietnam Institute of Directors, the "Top 50 Corporate Sustainability Awards in Vietnam – Gender Equality Star" award from Nhịp Cầu Đầu Tư (The Business Review) Magazine, and the "Sustainability Initiative of the Year – Vietnam (2023)" award from Asian Banking & Finance. These accolades highlight HDBank's commitment to elevated corporate governance standards and its role in promoting sustainable development in Vietnam.



PORTFOLIO HIGHLIGHT

Island Hospital: Sustainable Healthcare

Our investment in Island Hospital has supported the hospital's transformation into a leading, flagship private medical hospital in Penang, Malaysia, with cutting-edge infrastructure. Island Hospital offers multi-disciplinary quaternary medical care supported by more than 100 doctors who are complemented by 491 licensed beds, 100 clinics and 12 operating theaters spread across two distinct wings, the Macalister Wing, established in 1996, and the Peel Wing, inaugurated in 2022.

We have worked closely with management to upgrade facilities as part of our sustainability value creation plan. In addition, we helped develop a community clinic program that serves low-income families.

Sustainable Building Facilities

Highlights in building upgrades include:

- Refurbishment and construction of new ward facilities for inpatients
- Construction of two new operating theaters
- Replacement of old chillers and heat pumps with energy efficient green certified equipment
- Replacement of normal florescent lights with energy efficient LED lights

Through various **energy saving initiatives**, energy efficiency improved **15% over our investment period** despite the hospital **built up area increasing 41%** and **revenue increasing 150%**.

Another notable achievement is the high indoor air quality that surpasses the Ministry of Health requirements. This was achieved by upgrading ventilation systems with high quality air filtration. As a pathogen control measure, patients with infectious diseases are housed in negative pressure rooms with humidity controls to mitigate bacterial growth. This contributes to a safer environment for all patients.

Peel Wing: Sustainable Building Principles

The new Peel Wing was built in line with advanced sustainability principles. Its facade, made of specialized glass, **saves 16% more energy** through superior thermal insulation. **Two plant-covered green walls** were installed. Water from the building's rainwater harvesting tank is used for watering the plants on the green wall creating a closed-loop system for environmental sustainability. These green walls **reduce heat** and **enhance the building's aesthetics**.

Community and Employee Engagement

Island Hospital promotes community engagement through **outreach programs** and public forums with doctors, staff, patients, and visitors. In partnership with "House of Hope," the hospital holds a community clinic for low-income families. On Saturdays, doctors and nurses volunteer their time to offer health and dental check-ups, reinforcing Island Hospital's role as a **pillar of community support**.

Staff well-being is a priority, as it directly impacts patient care. To support healthier lifestyles, the hospital offers smoking cessation and weight management programs, fostering a culture of wellness within the organization.

Awards and Accolades

In recognition of the sustainability work that Island Hospital has accomplished, Island won the **"Most Sustainable Healthcare Institution of the Year"** Award at the 2024 GlobalHealth Asia Pacific Summit. In addition, Island Hospital won the prestigious **"Hospital of the Year in Asia-Pacific"** Award, The Edge Malaysia's **"Best Managed & Sustainable Property"** Award and CSR Malaysia's **"Sustainability and CSR Malaysia 2024: Excellence in Employee & Community Well-Being"** Award.

04

Portfolio Engagement through Data Driven Insights

EDCI METRICS



GHG EMISSIONS



NET ZERO



RENEWABLE ENERGY



DIVERSITY



WORK-RELATED ACCIDENTS



NET NEW HIRES



EMPLOYEE ENGAGEMENT

Portfolio Engagement through Data Driven Insights

Measuring and reporting on ESG KPIs is one of the core capabilities that we have built as part of our ESG program. ESG KPIs and quantitative data support our understanding of the depth of ESG integration at our portfolio companies, provide insights into potential areas of improvement, and guide our strategies on portfolio engagement.

Detailed day-to-day management of ESG workstreams, including pre-investment due diligence, engagements with our portfolio companies and post-investment value creation, is led by our ESG and Sustainability Team, comprising of an Executive Director and an Analyst, and supported by all our investment professionals.

ESG KPIs of each portfolio company are reported at the annual Affinity Partners’ meeting.

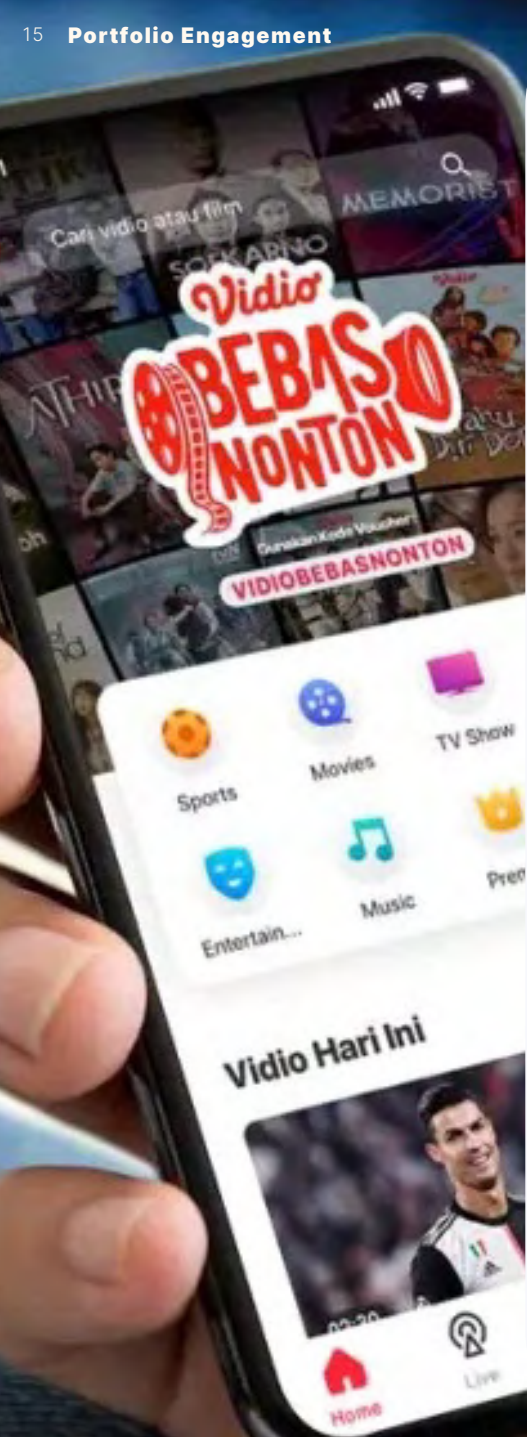
ESG Benchmarking in the Private Markets

To support industry standardization on the types of ESG KPI data to report in the private markets, Affinity became one of the first Asian members of the EDCI in 2022. In 2024, we joined the EDCI working group, “Harnessing the EDCI Benchmark”, which looks at how GPs can use the EDCI benchmark in different ways to improve reporting and engage with their portfolio companies.

Our data collection process has improved year-on-year. In 2023, we enhanced our data collection templates with in-built checks to enable portfolio companies to spot errors and explain large variances in data.

The EDCI KPIs are available for sharing with our investors upon request. Below are some portfolio highlights based on the EDCI KPIs collected. We are proud of our progress as it reflects the results of our continued engagement with our portfolio companies and the improvements that they have made.

- **Reporting:** Our portfolio companies generally outperformed the EDCI benchmark on ability to report on EDCI metrics. Our Fund V portfolio outperformed the EDCI benchmark in ability to report on data by 10%.
- **Renewable Energy:** 54% of our portfolio companies have included renewable energy in their energy mix. This is an improvement from 31% in the previous reporting year. We acknowledge the challenges of sourcing renewable energy in Asia and we recognize the efforts of our portfolio companies in this regard.
- **Board diversity:** As part of our portfolio engagement to promote women onto our portfolio company boards, 69% of our portfolio companies now have at least 1 female board member on their board, up from 62% in 2022, and 31% in 2021.
- **Health and Safety:** Our portfolio companies generally outperformed the EDCI benchmark on health and safety. Of the 12 portfolio companies that reported on this metric, 8 reported zero injuries. Of the 4 portfolio companies which reported injuries, 2 showed declining injury rates. As responsible investors, health and safety is always our priority, and we will continue to emphasize the importance of this in portfolio engagement meetings.
- **Turnover and Employee Engagement:** 82% of our portfolio companies showed a lower turnover rate than the EDCI industry benchmark. In relation to employee engagement, our portfolio companies performed 5 percentage points higher than the EDCI benchmark. We believe this is a valuable metric to showcase the **strong human resources practices** of our portfolio companies in **employee engagement and retention**.



PORTFOLIO HIGHLIGHT

Employee Engagement: Vidio, A Great Place to Work

Vidio is the one of the leading OTT platforms in Indonesia, providing local Indonesian viewers with quality local and premium content. Over 57 million monthly active users tune in on Vidio's platform to watch original content from different genres starring local actors and actresses in Indonesia.

Great Place to Work Certification

Building a positive workforce culture is an important part of Vidio's ability to attract, retain and inspire their staff. Vidio carried out the Great Place to Work Certification employee survey process in 2022 and 2023 to understand staff engagement levels. Vidio found that 92% of their employees felt that the company is a Great Place to Work. Vidio scored well on underlying metrics such as Fairness (85%), Respect (85%), Pride (82%), Camaraderie (83%) and Integrity (85%).

Workforce and Culture

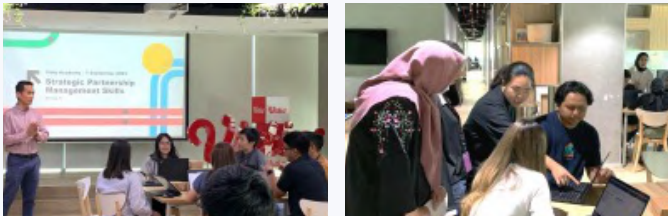
At Vidio, we believe in work life harmony where employees can be themselves, and find their community while grow personally and professionally. Therefore we make sure to bring the best experience for our employees.

84%

Trust Index Score
as a Great Place
To Work Company

92%

of employees at
Vidio say it is a
great place to work



Growth and Development

The average age of a Vidio employee is 29.5 years old. Therefore, training and development is important to help employees continue to develop relevant skillsets throughout their career. Vidio provides monthly training sessions in line with core competencies to narrow skill gaps. Peer learning groups are also set up for employees to share their experience e.g., Vedisain Talks. Vidio also provides self-learning programs e.g. Udemy for Business, and O'Reilly where employees receive learning coupons to access online learning materials.



HR Excellence Awards

Vidio's efforts in staff engagement have been recognized by the industry. In 2023, the company won local industry awards for "Employer Branding and Talent Acquisition", "Learning Development and Knowledge Management" and "Reward and Talent Retention Strategy".

SPOTLIGHT

CEO Roundtable 2023

Our CEO Roundtable is an opportunity for our portfolio companies to learn from expert speakers and from each other while building networks within the Affinity portfolio. In 2023, we expanded the scope of our CEO Roundtable to cover not only ESG topics but also operational topics.

The topics covered in our 2023 CEO Roundtable included “Integrating Data Analytics into Businesses” and “Driving Value through ESG: Creating Resilience and Financial Performance”. The meeting was held in Seoul with 60 portfolio company attendees, Affinity professionals and external speakers. Boston Consulting Group supported our event with three partners from the AI and Data Analytics space and ESG Consulting who all spoke at our event.

Our portfolio company CEOs and senior leadership had positive feedback on the session, noting insightful take-aways and networking opportunities amongst the portfolio companies.



Chairman's Opening Speech



ESG Value Creation Presentation



Networking Break



Networking Break



AI and Data Analytics Panel

05

Climate Change Approach & Taskforce for Climate Related Financial Disclosures





Climate Change

2023 was marked by the physical effects of climate change. Across Asia, we saw record-breaking heat waves with temperatures soaring to over 45 degrees Celsius. In countries such as South Korea and Thailand, heavy rains and floods caused loss and damage to property and lives.

As part of our commitment towards climate change, in 2022, we established our climate goals to reduce our operational emissions and have our Fund V control investments set net zero goals.

At the operational level we will reduce our emissions by 50% by 2025, using 2019 as our base, and achieve net zero by 2030. At the portfolio level, existing Fund V control investments will set net zero targets by 2025 and new control investments will be expected to set net zero goals within two years of investment. For our minority investments, we will implement a climate stewardship and engagement strategy that will guide companies towards a net zero transition.

In 2023, we are pleased to report that 2 out of our 5 control investments have made net zero 2050 pledges. We will continue to work with the rest of our control investments to help them reduce emissions.

Progress on Net Zero Pledges

2 out of 5 control investments have pledged to be net zero by 2050.



As a supporter of the Task Force on Climate-Related Financial Disclosures (“TCFD”), we have structured our climate disclosure to cover the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

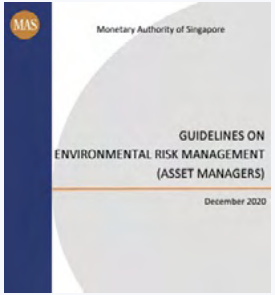
Climate Governance

Regulatory Reporting

In Q2 2024, the Monetary Authority of Singapore (“MAS”) carried out an industry-wide supervisory reporting review of the implementation of the Guidelines on Environmental Risk Management (“EnRM”) for Asset Managers to assess the level of climate implementation among asset managers.

The EnRM incorporates the TCFD framework into local Singapore laws and regulations.

Through the process of reporting, we were able to provide clear and comprehensive answers to the regulator’s questions. This demonstrates a robust integration of climate governance, strategy, risk management and reporting across our investment processes.



Our governance system to manage climate related risks

Affinity’s climate governance is developed in line with the TCFD and is incorporated within our Policy. Our Founding Chairman has oversight over our climate policy. The ESG and Sustainability Team together with the Portfolio Management Group (“PMG”) is responsible for (i) regular review of our climate approach, (ii) monitoring portfolio climate risks and opportunities and (iii) building firmwide climate capabilities. In 2024, with the formation of the ESG Committee, a broader representation of the Firm will also be included in the review of our climate processes.

In terms of due diligence, the ESG and Sustainability Team works closely with the investment teams to assess the climate risks and opportunities for each transaction and conduct post investment monitoring and engagement. Where needed, third party expertise is sought for specific climate initiatives. For example, when we performed due diligence on a tools manufacturing business that had physical manufacturing sites, we noted that increased rainfall in the region would have an impact on operations and considered mitigation measures.

As a member of the Initiative Climat International (“iCI”), we participated in training sessions hosted by the iCI to build capabilities in Scope 3 carbon measurement.

In 2024, we joined the PRI’s Net Zero Working Group to continue to build capabilities and contribute towards industry best practices on climate change and the setting of climate targets.

Climate Strategy

We have developed a climate risk register and portfolio heatmap to understand the macro-view and impact of climate related risks and opportunities within our portfolio. The climate risk register is updated annually to monitor the physical and transition risks of climate change faced by our portfolio companies. The portfolio heatmap illustrates the transitional and physical risk exposure of our Fund V portfolio companies based on sector and geography. This process has enabled us to mitigate portfolio company climate risks and explore opportunities for climate value creation.

In 2023, we identified the adoption of the International Sustainability Standards Board (“ISSB”) standards into local laws as a new transition risk and updated our climate risk register. With the growing reporting requirements for measuring Scope 3 emissions, we responded by building measurement capabilities. These included conducting training sessions with TerraScope, a decarbonization specialist, in November 2023 and piloting Scope 3 measurement with select portfolio companies in 2024.

Regarding climate scenario analysis, in 2022, we selected certain Fund V portfolio companies, chosen based on their inherent risk exposure and potential opportunity for value creation. We selected two climate pathways, over three time horizons, to help us gain a better understanding of their exposure to transition and physical climate risks and their impacts. A residual risk analysis was then performed to consider how these companies were managing their identified physical and transition risks.

For physical risks, we used the scenario from the Intergovernmental Panel on Climate Change Representative Concentration Pathway 2.6 (for net zero scenario) / 8.5 (for 3° C to 4° C scenario). For transition risks, we used the Network for Greening the Financial System (“NGFS”) Net Zero 2050 (1.5° C scenario) and Nationally Determined Contributions Scenario (for a higher than 2° C degrees scenario).

Transition Risk: Tracking ISSB Implementation in our countries of operation

Country	ISSB IFRS S1 and S2	Timing
Australia	Yes	From 2025 to 2027 depending on revenue and asset thresholds
China	In consultation in June 2024, results pending	Likely 2027 onwards for ISSB requirements From 2026, listed companies required to report on broad and increasing range of ESG topics
Hong Kong	Yes	Mandatory disclosure for listed companies from 2025 onwards
Indonesia	Institute of Chartered Accountants shared support for ISSB	No formal announcement
Korea	In consultation in August 2024, results pending	Likely 2026 onwards
Malaysia	Consultation completed in March 2024, awaiting implementation	Proposed December 2025 to 2027 onwards for listed companies
New Zealand	Yes, ISSB aligned mandatory climate disclosures from 2024	Climate disclosure standards in place and reporting from 2024 onwards. Greater alignment sought with ISSB from 2025 onwards.
Singapore	Yes	Mandatory disclosure for listed companies from 2025 onwards
Thailand	-	No formal announcement
Vietnam	-	No formal announcement



PORTFOLIO HIGHLIGHT

Shinhan Financial Group: Best Practice Leader in ESG and Climate

Shinhan's founding mission has been to “Build a Better World through Finance”. Shinhan strives to align its corporate growth with ESG value creation to create positive impact. Shinhan's Climate Change Strategy focuses on (1) Setting Climate Targets, (2) Climate Risk Management and (3) Investing in Climate Solutions. Its climate change governance extends to the board, management and executives for a whole-of-bank approach.

Setting Climate Targets

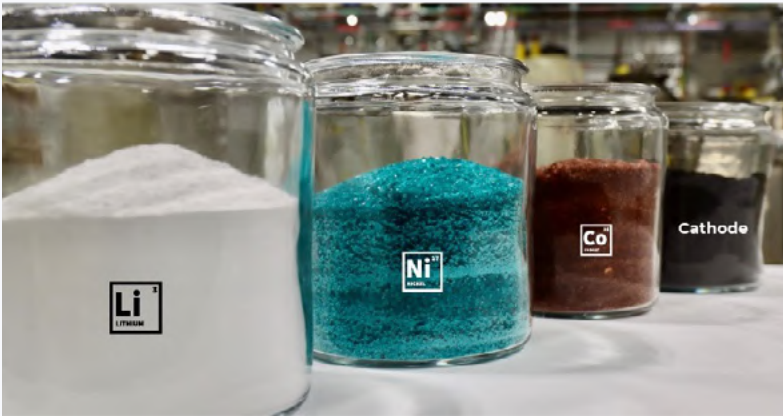
Shinhan has pledged to achieve **Net Zero emissions by 2050** and received approval from the **Science Based Targets Initiative (“SBTi”)** for its carbon reduction targets in November 2022. Shinhan measures its Scope 1, 2 and 3 carbon emissions, and integrates its climate risk management throughout its lending processes through a deep understanding of the physical and transition risks. Based on the forward looking scenario analysis conducted on its loan book, Jeju Bank, a subsidiary of Shinhan Bank, was found to have the largest exposure to physical risks due to extreme weather events.

Climate Risk Management

In 2022, to manage the climate risks identified, in its loan book, Shinhan became the first financial services company in Korea to develop a **financed emissions measurement system** using the standards set by the GHG Protocol and the Partnership for Carbon Accounting Financials (“PCAF”). Shinhan's financed emissions measurement system measures and monitors emissions, helping the bank set reduction targets for its loan book. Shinhan's measured emissions for financial assets totaled KRW 248.6 trillion at the end of December 2022 and it plans to expand the scope of measured assets.

Investing in Climate Solutions

Shinhan is actively investing in **climate solutions** through climate funds focusing on clean energy solutions and eco-friendly technologies. **Shinhan has plans to increase its green investments from KRW 8.15 trillion in 2022 to KRW 30 trillion in 2030.** The **Shinhan Green Way Fund** was established to invest in these types of projects. Notable investments include impact funds that provides strategic capital to green companies and **Ascend Elements**, a US-based battery company with innovative technology that enables high value-added upcycling, making the transportation sector more eco-friendly.



Ascend Elements: Sustainable lithium battery manufacturing and recycling

Risk Management

Below summarizes our process for identifying, assessing, and managing climate-related risks within our investments.

Pre-investment

Every transaction undergoes an in-house ESG due-diligence questionnaire to ensure climate related risks are identified and assessed. Where we have determined that a particular investment is exposed to higher physical and transition climate risks, either due to sector or geography, we will work with an external advisor to understand the risks and opportunities facing the business.

For example, when we performed a due diligence on a Malaysian hospital transaction in 2023, we realized that the increased risk of flooding through high rainfall may affect ambulance routes, and thus would be an important area to address in order to quickly and safely transport patients to the hospital in all weather conditions.

We provide regular training to build capabilities of our investment teams to understand climate change.

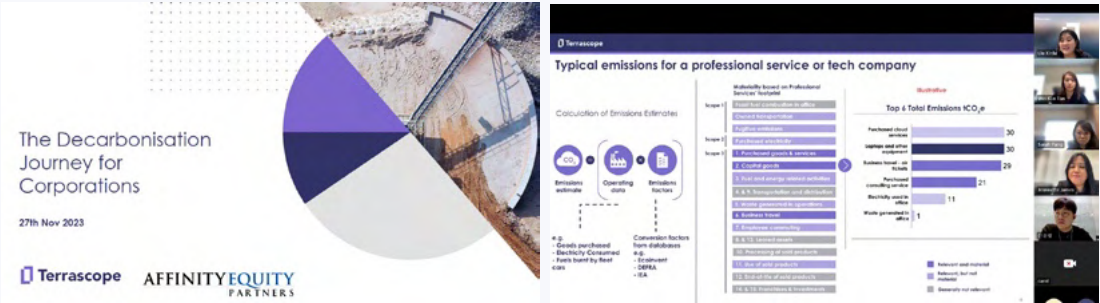
Post-investment

Climate related risks for Fund V are managed through active direct monitoring and engagements with our portfolio companies. We work with our portfolio companies to mitigate climate risks and develop climate value creation opportunities.

As part of our climate stewardship, we measure and monitor the Scope 1 and 2 emissions of our Fund V portfolio companies. We provide portfolio companies with a carbon measurement tool to measure emissions using their activity data. After understanding the sources of emissions, we then conduct climate engagements, to encourage our portfolio companies to develop a decarbonization roadmap and make a net zero pledge.

SPOTLIGHT: CLIMATE TRAINING

Climate Training with TerraScope for Scope 3 Emissions Measurement



In November 2023, we held a climate training for our portfolio companies and investment teams in conjunction with TerraScope, an expert provider of climate measurement solutions. The training covered a regulatory overview of climate regulations in the jurisdictions where we have investments.

TerraScope explained the sources and calculation of Scope 3 emissions and how Scope 3 emissions could be addressed within the supply chains of our portfolio companies. TerraScope shared interesting value creation case studies on the ways Scope 3 emissions measurement has impacted decision making and how that understanding helped achieve cost savings within their clients’ supply chains through efficiency optimizations e.g., lightweight eco-friendly packing materials.

We had 100% attendance from our investment teams for the training. The Scope 3 training also laid the foundation for us to commence building capabilities on measuring the Scope 3 emissions of our portfolio companies.

SPOTLIGHT: SCOPE 3 EMISSIONS PILOT

Affinity’s Scope 3 Emissions Measurement Pilot

With ISSB reporting regulations being implemented across various countries, listed companies have started to request carbon emissions data from their supply chain partners. Private companies will soon be required by regulation to report on their Scope 3 emissions. Further, through regular conversations with our investors, we have received feedback that Scope 3 emissions measurement would be an investor requirement going forward.

Measurement of Scope 3 emissions can be challenging for companies as primary data on Scope 3 emissions is hard to collect. Further, portfolio companies were concerned about issues of confidentiality and the limited resources they had in data collection. Taking these considerations into account, we purchased a Scope 3 measurement tool which is based on EEIO models to estimate emissions based on our portfolio companies spend data.

Environmentally-extended input output (“EEIO”) models

(excerpted from the GHG Protocol on Scope 3 Accounting)

EEIO models estimate energy use and/or GHG emissions resulting from the production and upstream supply chain activities of different sectors and products within an economy. The resulting EEIO emissions factors can be used to estimate GHG emissions for a given industry or product category. EEIO data are particularly useful in screening emission sources when prioritizing data collection efforts.

EEIO models are derived by allocating national GHG emissions to groups of finished products based on economic flows between industry sectors. EEIO models vary in the number of sectors and products included and how often they are updated. EEIO data are often comprehensive, but the level of granularity is relatively low compared to other sources of data.

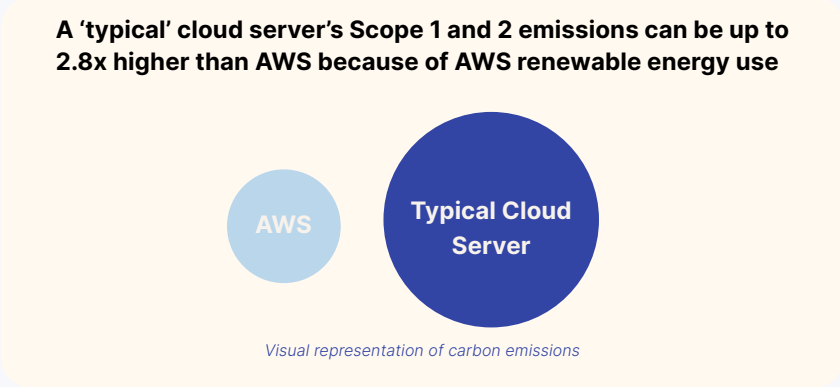
Scope 3 Emission Measurement Findings

1. Opportunities to engage with supply chain

Using this tool, we prioritized the top ten spend items for three of our portfolio companies, JobKorea, M-DAQ, and ServeOne, who participated in the Scope 3 measurement pilot. Based on the EEIO modeled data, we saw that the main sources of emissions in all three portfolio company supply chains were in their Scope 3, purchased good and services emissions. This indicated areas of opportunities for portfolio companies to engage with their suppliers on energy efficiency and increasing the use of renewable energy throughout their operations.

2. Sustainable Procurement Does Reduces Emissions

M-DAQ uses Amazon Web Services (“AWS”) which provides carbon emissions reporting and uses renewable energy in their cloud services. Based on the carbon emissions measurement tool, a typical cloud server’s Scope 1 and 2 emissions are 2.8x higher than AWS. AWS has a Net Zero 2040 goal and uses renewable energy to power their servers, which has reduced their overall emissions.



This insight validates that sustainable procurement helps reduce emissions. As next steps, we will develop sustainable procurement guidance and engage portfolio companies to choose suppliers who have climate goals and have taken active steps towards the climate transition.

Metrics & Targets

Our Financed Emissions

We track and monitor Scope 1 and 2 emissions across our Fund V portfolio. We have an in-house carbon footprint measurement tool based on the GHG Protocol to enable our Fund V portfolio companies to calculate their carbon emissions. For the past three years, we have collected Scope 1 and 2 emissions data for 100% of our Fund V portfolio companies. In 2024, we began to build capabilities to measure Scope 3 emissions for selected portfolio companies and engage portfolio companies on their supply chains.

Our direct measurement approach allows us to enhance our Fund V portfolio’s GHG accounting capabilities and understand carbon reduction opportunities as part of our commitment to support the global transition to a low carbon future.

For 2023, our Weighted Average Cost of Carbon (“WACI”) of our Fund V portfolio is 9.27 tCO2e per million dollars revenue. This represents a 5.17% carbon efficiency improvement from 2022 to 2023 and reflects the work that our portfolio companies have been putting in to address their emissions.

	2021	2022	2023	YoY%
WACI (tCO2e/US\$ mn)	10.35	9.77	9.27	-5.17%

Our Calculation Methodologies

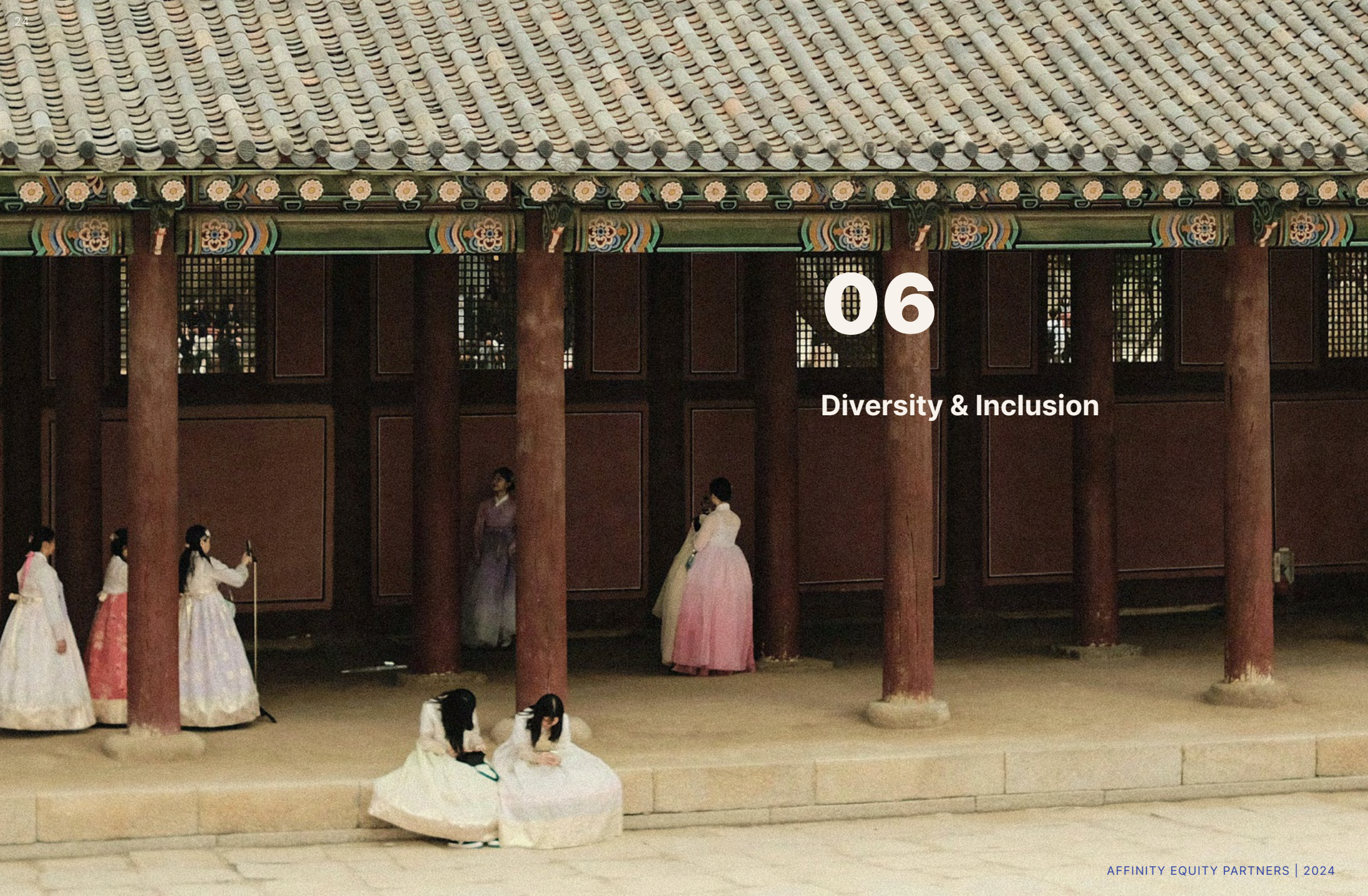
As part of our continuous efforts to improve our calculation methodology, in January 2023, we updated the Global Warming Potentials (“GWPs”) to reflect the latest figures published in the IPCC’s Sixth Assessment Report. In addition, we updated our carbon calculation tools to use the latest Grid Emission Factors, publicly disclosed by governments, to calculate Scope 2 emissions from purchased energy. This update is reflected in both our operational and financed emissions. Our 2021 and 2022 figures have been restated to allow for a like-for-like comparison to reflect energy efficiency improvements by removing the impact of grid improvements.

Our Operational Emissions

The main sources of our operational emissions come from company cars, energy consumption and business air travel. In 2023, our operational emissions was 2,806 tCO2e of which 93% comes from business air travel. We have implemented a sustainable travel guideline across all offices to optimize business air travel.

To reduce our operational emissions, we plan to (i) replace consumption with more sustainable options, (ii) reduce use of resources and (iii) offset where needed. In 2023, our ESG and Sustainability Team continued to engage with building management of our offices to improve energy efficiency through installation of LED lighting and to explore the use of renewable energy.

tCO2e	2021	2022	2023
Scope 1: Company Cars	34	41	33
Scope 2: Office Electricity Use	144	151	152
Scope 3: Business Air Travel	142	1,147	2,620
Total Operational Emissions	322	1,339	2,806



06

Diversity & Inclusion

DIVERSITY & INCLUSION

At Affinity, we aim to create a culture where everyone is treated with respect and welcome diverse viewpoints. By leveraging the diverse backgrounds and experiences of our team, we strive to make better investment decisions. Diversity and inclusion (“D&I”) is actively promoted and supported by our Founding Chairman together with the Partners.

Fostering an Inclusive Culture

In 2024, we strengthened our D&I Policy to underscore our commitment to fair pay practices, rejecting discrimination based on race, color, religion, sexual orientation, gender identity, national origin, or age. Continuing our dedication to diversity and inclusion, we are committed to refining our firmwide policies in recruitment, professional growth, compensation, and promotions.

As part of our ongoing commitment to fostering inclusivity, we conduct annual D&I training for all investment professionals. In February 2023, an external provider, Paradigm, helped provide Inclusive Leadership training for our senior investment professionals. Further in July 2023, we held an interactive training session focusing on unconscious bias and inclusivity, providing scenarios to guide our colleagues to think through more inclusive ways of working.

In January 2024, we hosted our annual Firm-wide women's networking event, welcoming new female colleagues and fostering connections through sharing personal lifestyle recommendations to kick off the new year.



D&I with our Stakeholders

As members of the Singapore Venture & Private Capital Association (“SVCA”) ESG committee, in November 2023, we supported young and mid-career female professionals to participate in SVCA's mentorship program, aimed at advancing women in private markets. The program, running from November 2023 to May 2024, included a junior member from the ESG and Sustainability Team.

We have made notable progress in fostering diversity on our portfolio companies' boards. As of December 2023, 69% of our Fund V portfolio companies have at least one female board member, up from 31% in 2021. We remain committed to promoting diversity and inclusion to cultivate more diverse boards.

OUR D&I COMMITMENTS

- Hire more women in investment and business lead roles.
- Shortlist and interview at least one female candidate for each open position.
- Assign internal mentors to women professionals for career guidance.
- Where possible, appoint and promote women to leadership roles at portfolio companies (including C-suite and board level).

HIGHLIGHTS

30%

of investment professional hires were women in 2023

29%

of promotions were women in 2024

69%

of Fund V portfolio companies have at least one female board member, a significant increase from 31% in 2021.

GENDER DIVERSITY

	2021	2022	2023
Female Investment professionals in Affinity	23%	24%	27%
Females within Affinity	39%	39%	40%

AFFINITY EQUITY PARTNERS | 2024



PORTFOLIO HIGHLIGHT

UBase: Supporting Inclusion of a Diverse Staff Base

UBase, a business process outsourcing service provider with over 10,000 call center agents, is committed to creating a diverse and inclusive environment. Since our investment in 2018, Affinity has recognized the importance of D&I in improving customer service and enhancing employee satisfaction, leading to increased customer satisfaction.

Career Support and Growth Opportunities

UBase places great importance on the career and skills development of its call agents, supported by a team of over 60 professionals focusing on upskilling and emotional well-being support. In 2023, UBase launched the Management Fast Track Onboarding Education, a six-day training program for newly recruited managers aimed at familiarizing them with the industry, company, and leadership essentials. The training was well-received by managers, achieving an overall satisfaction rating of 4.7 out of 5. In addition to customer service training and voice improvement classes, call agents have access to "U Campus," an online platform offering modules on management, mental health and financial literacy.

Fostering a Family-centric Culture

Over three-quarters of UBase's call center agents are female, many who supplement their family income. In response to this demographic, UBase has implemented strategies to support the retention of female agents with young children. This includes the establishment of a workplace daycare center and a 50% subsidy on childcare services where dedicated daycare centers are not available. UBase also offers flexible work arrangements, with approximately 20-25% of agents working from home. In July 2019, UBase received the Korean government's Family Friendly Certification, for its supportive environment for childbirth, parenthood, and flexible work. Furthermore, the "With U" employee welfare system offers financial support to employees for urgent medical expenses, accidents, or single parenthood.

Career Pathways for People with Disabilities

UBase proudly employs 150-170 full-time special needs employees, providing support tailored to their talents and interests. Special needs artists receive sponsorships and exhibit opportunities, musicians perform in orchestras, and athletes receive financial backing. Additionally, UBase operates "U-Cafe" in its centers, staffed by around 20 baristas with hearing impairments.

PORTFOLIO HIGHLIGHT

Plaza Premium Group: An Interview with Mei Mei Song, Creating Value Through Inclusion

Plaza Premium Group (“PPG”) is a pioneering, global airport service provider that revolutionizes the travel hospitality industry with a mission to Make Travel Better. Today, Plaza Premium Group operates the world’s largest network of international airport lounges, being in over 250 locations and in more than 75 international airports.

Could you share what diversity and inclusion means to you?

D&I is about respect, equality and understanding. It is a key part of our business as the airport lounge is a place of gathering for people from all cultures.

How do you foster these values of equality, respect and belonging within the company?

Putting people first has always been a top priority for us. With a workforce of 5,300 employees across more than 50 cities and lounges in over 70 international airports, diversity is inherent to our organization. In March 2024, we recently hired Dr. Syafrina Sharif as the Global Head of ESG and Sustainability who has extensive ESG experience to continue our efforts in building a diverse and inclusive workforce.

I firmly believe in the importance of industry-wide collaboration to celebrate diversity. This year, in honor of International Women’s Day, we hosted an event “Generation F: Fearless Females at the Forefront”. The event featured a keynote speech by Lanis Yarzab and a panel discussion moderated by Olivier Parker from The New York Times. It’s truly inspiring to gather and facilitate meaningful conversations.

As you earlier mentioned, D&I helps lounge guests feel welcome. Could you share more?

When we view things through a D&I lens, we can understand the diverse profiles of travelers and address their specific needs, enhancing their travel experience. For example, our buggy services (Allways) support travelers with children or the elderly.



Mei Mei Song,
Global Brand and Product Transformation Director

Have you ever stumbled across and solved a pain point stemming from your own travels?

When I became a mother and traveled with my infant, I realized that many services and facilities in airports do not cater to young parents. This realization prompted us to implement systematic changes within our lounges, such as introducing dedicated kids’ rooms, providing highchairs, and offering children’s cutlery. We also have changing tables in men’s toilets acknowledging that dads are increasingly involved in parenting duties!

How else has D&I lens helped PPG in developing a unique experience for your guests?

Our “Art and Lounge” project showcases local culture through interior design, artwork, and cuisine. We worked with local artists in Dubai, Kuala Lumpur and London to feature their works in our airport lounges. This created a gallery-like ambiance that curated moments of beauty to inspire our guests and provide them with a unique experience. It is also a platform to support the local artists and facilitate vibrant cultural exchanges through conversations with the artists!



In addition, the ‘Your Destination Before Departure’ campaign is our initiative to promote the local culture in our lounges, from the food and beverage, art, community to build the overall experience, providing a platform to showcase local culture in the lounge experience!

Thank you for sharing, Mei Mei.

07

Stakeholder Engagement



STAKEHOLDER ENGAGEMENT

By actively engaging our internal and external stakeholders, we facilitate the exchange of knowledge regarding ESG best practices, enhance alignment on ESG topics, and contribute to elevating ESG standards within the private equity industry across Asia.

Industry

As signatories of ESG industry groups, we actively participate in collaborative endeavors with key stakeholders through roundtable sessions and working groups. Our engagement extends to frequent participation in industry events, where we share insights and knowledge while also gaining valuable perspectives from our peers in the industry.

ASIA FUNDS ESG SURVEY 2023

In 2023, we took part in Morrison Foerster’s Asia Funds ESG survey, joining 99 other Asia-based Funds, each managing assets of at least US\$ 1 billion. This survey provided valuable insights into the influence of sustainability factors on investments and the overall market landscape. We were honored to share our perspectives and experiences during interviews focusing on our ESG integration and portfolio engagement initiatives.



Member of the
HKVCA ESG Committee



Member of the
SVCA ESG Committee

Signatory of:



Signatory of UNPRI since 2017



Official EDCI supporter



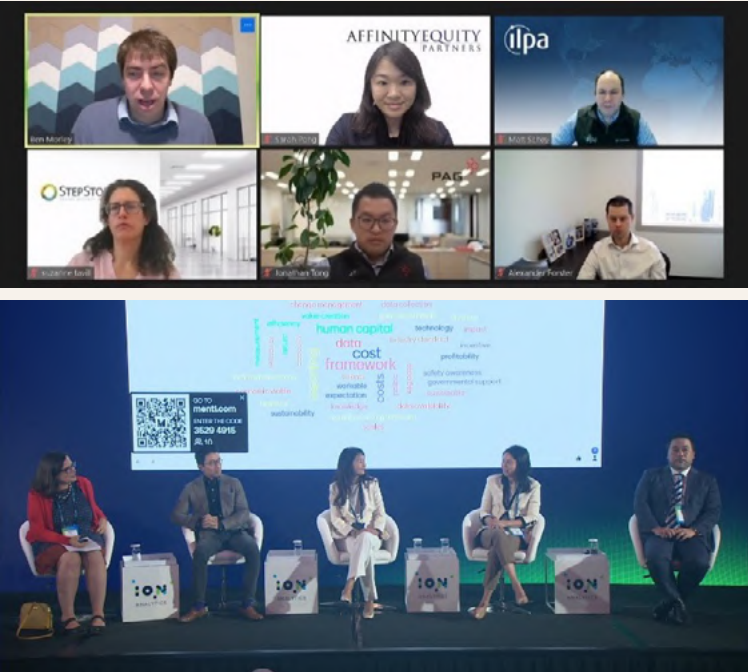
Committee member of the
iC Asia Chapter



Working group member of
the MAS’s ESG Funds
Labelling Framework

In the past year, we have been speakers at multiple ESG events. In November 2023, we presented at the AVCJ Private Equity and Venture Forum, discussing strategies for enhancing value through the integration of ESG principles into investment and asset management practices.

In January 2024, Affinity contributed to EDCI's endeavor for ESG data standardization and comparability within private markets by participating as a panelist in the organization's webinar for APAC. In February 2024, we participated in the Women's Private Equity Summit APAC 2024 as a panelist discussing strategies to improve portfolio performance. Additionally, in March 2024, as part of the ESG Committee at HKVCA, we moderated the 2023 ESG Awards of Excellence webinar, delving into the case studies of each winning entry.



Pictures: EDCI Webinar on ESG Data (top), AVCJ Private Equity and Venture Forum (bottom)

Investors

We interact with our investors regarding ESG issues to understand their primary concerns and devise strategies to address these effectively. Through quarterly reports, one-on-one engagements, and at our AGM, we keep our investors informed about our ESG progress. Additionally, in the event of any material ESG incidents, Affinity will inform investors as soon as practicable.

In 2023, we engaged one-on-one with investors on our ESG initiatives and gathered feedback. This engagement was both insightful and helpful in building dialogue on ESG with our investors.

Through reporting on ESG data and KPIs, we provided insights to our investors on the progress of our ESG integration both here at Affinity and at our portfolio companies.

Engagement Highlights



Received an ESG rating of 'Advanced' from Adams Street Partners based on 2023 ESG Survey submission.

ESG Roundtables

In December 2023, we participated in the first Asian ESG Roundtable of a European pension fund with a leading ESG practice alongside other Asian GPs. Together, we explored and shared best practices for ESG evaluation.

Employees

At the heart of our responsible investment strategy are our people. We ensure our investment professionals stay informed about the latest trends and developments in ESG through regular training sessions, participation in external conferences, and access to internal resources. On an annual basis we conduct ESG, D&I and cybersecurity training for all investment professionals.

In 2023, for our ESG training, we collaborated with TerraScope, a decarbonization specialist, to enhance our internal capabilities regarding climate change and value creation opportunities. This training focused on the significance of measuring carbon emissions and provided an introduction to the measurement of Scope 3 emissions.

Every year, all employees undergo cybersecurity training facilitated by KnowBe4. These sessions incorporate real-life scenarios to equip our staff with the necessary skills to identify phishing emails and other social engineering attacks.

For further details of trainings provided, please refer to Chapter 5 on TerraScope climate training and Chapter 6 on D&I training.

Community Volunteering

At Christmas 2023, we donated to Project Dignity, a social enterprise that prepares and distributes meal boxes daily to those who are homeless, living in poor conditions and suffering from disability.



In June 2024, our Hong Kong office partnered with HandsOn HK to help their non-profit partner Gingko House prepare more than 100 hot meals for people who live below the poverty line and who experience food insecurity. Gingko House has been running this charitable project since the Covid pandemic. This project provides basic food needs for over 8,000 individuals and families who struggle to put food on the table every week.



Our Singapore office organized a charity run to raise funds for Club Rainbow that supports and empowers children with chronic illnesses and their families by providing services to enrich their lives. In the month of June 2024, for every km that our colleagues ran or walked, subject to a cap of 20km, they would raise \$10 for charity. Our colleagues ran a total of 790km, raising \$5,290, generously donated by our leadership team in the Singapore office. We celebrated our achievement in a team building gathering with food provided by Dignity Kitchen, a social enterprise providing work in the F&B sector for differently abled individuals.

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