



Sustainable Value Creation

REPORT 2021/2022

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TANG Kok-Yew
*Founding Chairman &
 Managing Partner*
 AFFINITY EQUITY PARTNERS

Founding Chairman's Opening Letter

Moving from "Shareholder Capitalism" to "Stakeholder Capitalism"

At Affinity, we believe that integrating Environmental, Social and Governance ("ESG") risks and opportunities into our investment process is essential to creating sustainable long-term value for our investors, portfolio companies, and our Firm.

Since our founding over 20 years ago, we have faithfully followed sound ESG principles and in 2012, we decided to institutionalise these principles into a formal ESG programme. This included establishing our ESG policy, integrating ESG into our investment processes and training for all our investment professionals.

In 2017, we deepened our ESG commitment and became a signatory of the United Nations-supported Principles for Responsible Investment ("PRI"). Soon, we became recognised as one of the leaders in ESG practices in the Asian private equity industry.

But we do not intend to stand still. Every year, we made incremental improvements to our ESG programme. However, monumental changes are happening all around us - in society, in politics and in people's expectations of their future. In

2021, we have therefore decided to take a major step forward in our ESG programme. This is reflected in the way we see our role, and the role of business, in the bigger community we live in.

In short, we are moving from "Shareholder Capitalism" to "Stakeholder Capitalism", to ensure that business decisions incorporate the interests of all stakeholders. Our ESG 2.0 Roadmap encapsulates this shift, as we take a major step forward in partnering with our portfolio companies to integrate ESG into their business and operations and to create sustainable long-term value.

To support this major expansion of our ESG programme, we bolstered our internal capabilities with the hiring of a dedicated ESG resource. In August 2021, Ms. Sarah Pang was appointed as the Head of ESG and Sustainability. Ms. Pang brings onboard a wealth of experience from Temasek Holdings where, she was one of the founding members of the Sustainability Team.

Over the last 12 months, we have achieved many ESG milestones. Below are some highlights that I am pleased to share:

To address the challenges brought about by climate change, we engaged an external advisor to support our efforts in integrating Taskforce for Climate Related Financial Disclosures ("TCFD") into our investment processes. We developed capabilities and equipped our investment professionals with a new due diligence toolkit to perform climate risk assessments for all investments. We also undertook a Greenhouse Gas ("GHG") inventory assessment to understand the carbon footprint of our Fund V portfolio and conducted climate scenario deep dive engagements with several portfolio companies.

In support of Diversity and Inclusion ("D&I"), we became a signatory of the Institutional Limited Partners Association ("ILPA") Diversity in Action initiative in January 2022, entrenching our commitment to advancing D&I in the private equity industry. As part of this commitment, we plan to roll out new D&I initiatives at our Firm over the course of 2022.

As the ESG landscape is fast changing, we developed an engagement platform, the ESG CEO Roundtable, to engage the senior leadership of our portfolio companies on ESG. We held our inaugural ESG CEO Roundtable in September 2021, where over 50 C-level executives from our portfolio companies and Affinity senior investment professionals participated to exchange knowledge on ESG and climate change.

In November 2021, Affinity and Ho Chi Minh City Development JS Commercial Bank ("HDBank"),



a Fund V portfolio company, joined the Vietnamese delegation at COP26 in Glasgow and signed an MOU at the summit for Affinity to support HDBank's efforts to promote ESG in the Vietnamese banking sector. We will continue to partner our portfolio companies on their ESG journey and explore collaboration opportunities.

In December 2021, Affinity and Trimco International Holdings Limited ("Trimco"), a Fund IV portfolio company, were awarded the Hong Kong Venture Capital and Private Equity Association ("HKVCA") ESG Award of Excellence. As part of our ESG value creation efforts, we worked with Trimco to publish its first ESG playbook outlining its sustainability strategy centred around SDG 12 - Responsible Consumption and Production.

2021 also marked the year in which we completed our first sustainability themed investment in Towngas Smart Energy ("Towngas"), a leading city gas player in China. Affinity's investment will accelerate the roll-out of distributed solar photovoltaics and support Towngas' evolution into an integrated clean energy provider.

We continue to actively contribute towards industry developments. Our Firm is a member of the HKVCA ESG Committee and Singapore Venture Capital and Private Equity Association ("SVCA") ESG Committee, and our team regularly speaks at industry events to propagate ESG awareness and development and share best practices with our peers.

Finally, 2022 marks the first publication of our Sustainability Report, and represents our commitment towards building transparency and improving disclosure in reporting.

With that, I would like to take this opportunity to thank our investors, portfolio companies, colleagues and stakeholders for their continued partnership in building sustainable long-term value for all our investments. We look forward to working with you as we expand and deepen our ESG programme over the years to come.

Yours faithfully,

TANG Kok-Yew

Founding Chairman & Managing Partner
AFFINITY EQUITY PARTNERS



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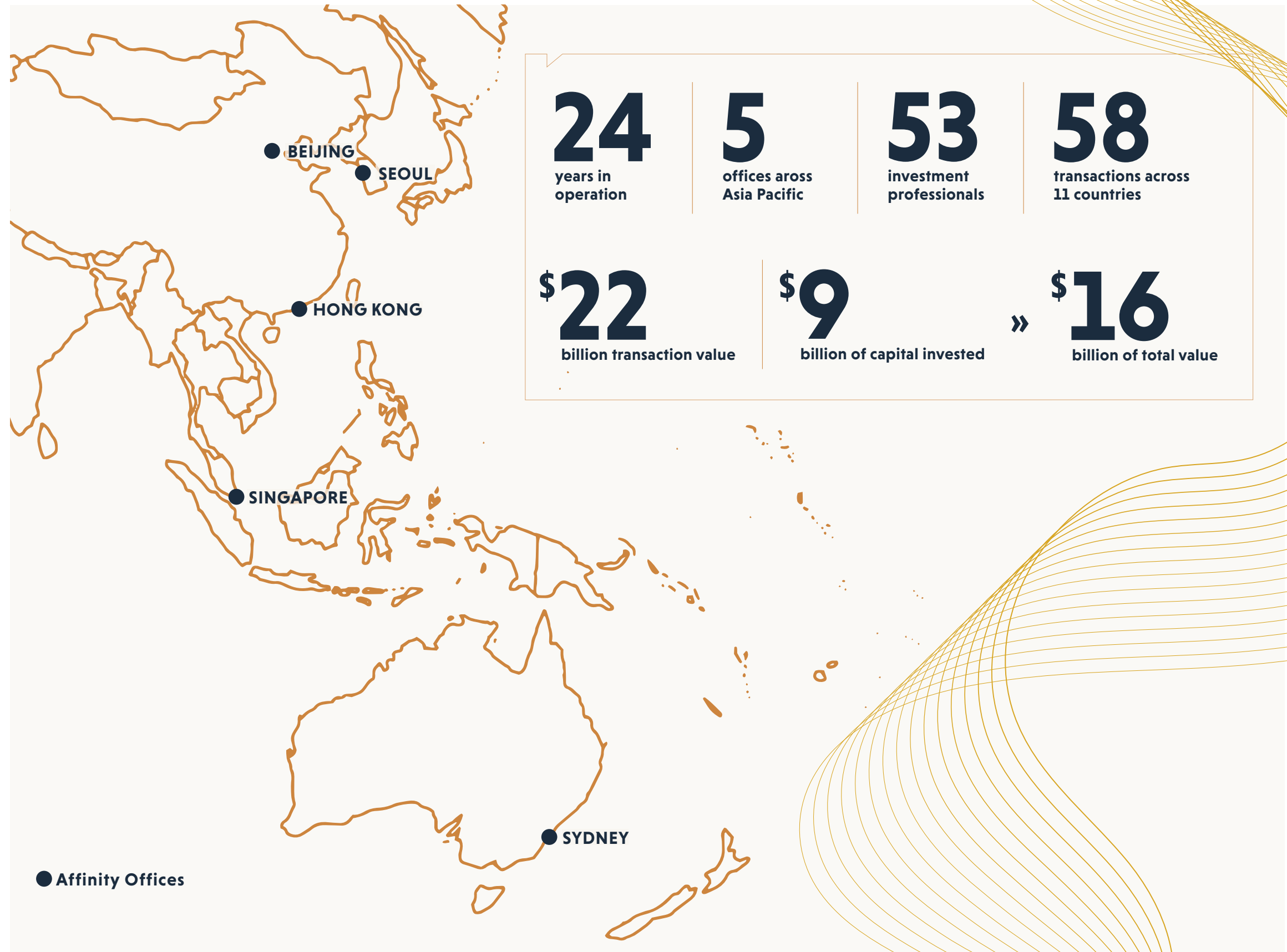
2021/2022 Highlights



Pioneers in Asian Private Equity


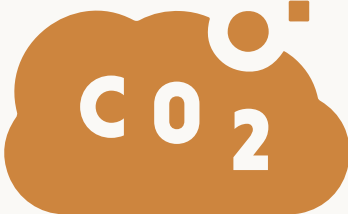

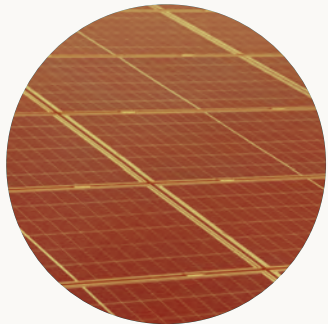
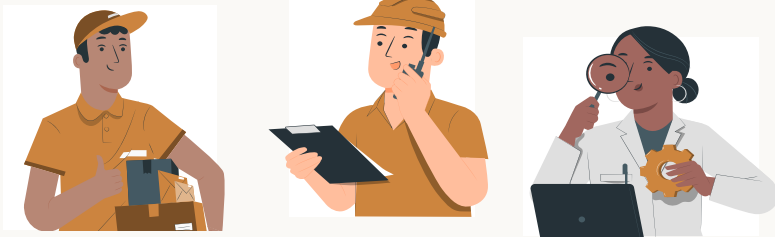
Affinity Equity Partners is one of the largest and longest established, independent private equity firms in Asia, with founding partners that have worked together since 1998. Led by 10 partners with an average tenure of 17 years, Affinity has a large and local investment team consisting of 53 professionals in 5 offices across Asia Pacific.

With our combined experiences, insights and professional expertise, Affinity has more than two decades of track record in delivering consistent performance across multiple funds for our investors – some of the largest pension funds, sovereign wealth funds, and financial institutions globally. As of 31 December 2021, Affinity has invested US\$ 9 billion in capital, executing 58 transactions with a total transaction value of US\$ 22 billion.



Note: Figures as of 31 December 2021.

2021 AND EARLY 2022 ESG PERFORMANCE HIGHLIGHTS

<div><div>100%</div><div>of all investment opportunities reviewed by the Investment Committee include ESG consideration</div></div>	<div><div>Became a TCFD* supporter in 2022</div></div>	<div><div>Signatory of the Principles for Responsible Investment (PRI) since 2017. Achieved “A” in the Strategy and Governance and Private Equity modules in 2019 and 2020</div><div>A</div></div>	<div><div>Formally implemented our Diversity & Inclusion Policy in January 2022</div></div>
<div><div>100%</div><div>of our portfolio companies collect ESG KPIs</div></div>	<div><div></div><div><div>Performed climate scenario deep dive for selected portfolio companies</div></div></div>	<div><div></div><div><div>Weighted Average Carbon Intensity of Fund V portfolio companies: 17.4 tCO2e per \$M revenue</div></div></div>	<div><div>44% female investment professionals at the analyst and associate level</div><div></div></div>
<div><div>100%</div><div>participation by Affinity’s investment professionals and Fund V portfolio companies on TCFD training</div></div>	<div><div></div><div><div>FIRST sustainability-themed investment <i>Towngas Smart Energy</i></div></div></div>	<div><div>100%</div><div>of our Fund V portfolio companies report on GHG emissions</div></div>	<div><div>100%</div><div>of our portfolio companies report on employee diversity</div></div>
<div><div></div><div><div>c. 90,600 jobs supported by our Fund V portfolio companies</div></div></div>			

*Note: Taskforce for Climate-Related Financial Disclosures



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Overview of ESG & Sustainability Approach



ESG has always been part of Affinity's investment ethos. We believe that integrating ESG principles into our decision-making process is integral to creating 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.

Responsible Investment Policy

Affinity has in place a Responsible Investment Policy ("Policy") and Operating Guidelines on Integrating ESG Issues in Investment Process ("Guidelines") since 2012. The Policy and Guidelines are based on sound investment principles that Affinity has always adopted in considering and assessing all investment opportunities, and in implementing post-investment plans for the portfolio companies. Affinity's investment professionals are expected to adhere and comply with the Policy and the Operating Guidelines on ESG.

Our Policy embraces the six principles of the PRI and the ten principles of the UN Global Compact. Included in the Policy are sector-specific ESG considerations across target sectors including business services, consumer retail, financial services, healthcare, TMT and a negative investment list composed of prohibited sectors.

We regularly update our Policy to take into consideration the latest changes in the ESG landscape. In 2020, the Policy was updated to include our approach to climate change based on the guidelines and framework provided by the TCFD. In 2022, we have further updated the Policy with enhanced guidelines in relation to external reporting, stakeholder engagement, and post-investment monitoring, amongst others.



Affinity Equity Partners is a signatory of the UN PRI

- 01** We will incorporate ESG issues into investment analysis and decision making processes.
- 02** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 03** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 04** We will promote acceptance and implementation of the Principles within the investment industry.
- 05** We will work together to enhance our effectiveness in implementing the Principles.
- 06** We will each report on our activities and progress towards implementing the Principles.

ESG Governance

At Affinity, oversight for the ESG programme lies with the Founding Chairman. The Investment Committee, comprising our 10 partners, is responsible for evaluating ESG risks and opportunities throughout the investment lifecycle.

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 our Head of ESG and Sustainability and supported by all of our investment professionals. Affinity's internal risk management team, the Portfolio Management Group ("PMG"), independently monitors ESG risks and progress of post-investment ESG initiatives.

ESG Integration

ESG integration is well embedded within our investment process:

Pre-investment

ESG risks and opportunities are assessed on a deal-by-deal basis depending on the type of business, sector and location. Investment professionals utilise an in-house due diligence toolkit which is based on the Sustainability Accounting Standards Board ("SASB") framework to flag the material ESG issues

and the TCFD framework to identify climate related issues. Where necessary, Affinity will hire external consultants to conduct thorough due diligence. ESG risks, opportunities and action plans are incorporated into investment memos which are considered at Investment Committee meetings.

Post-investment

Investment professionals will work closely with management of the portfolio companies to implement the ESG initiatives that have been identified in the due diligence process. At the portfolio companies, the investment professionals, led by an Affinity Partner, will include ESG matters for board discussions. At our quarterly portfolio review and valuation meetings, the Affinity Partners will discuss any ESG issues relating to their portfolio companies. From 2019, Fund V portfolio companies are required to collect and report on ESG KPIs, which comprise both quantitative and qualitative information.






ESG 2.0 Roadmap

Affinity has had in place a Responsible Investment Policy since 2012 and Affinity has been a signatory of the PRI since 2017. In 2019 and 2020, we achieved "A" in both Strategy and Governance and Private Equity modules.

Over the last 10 years, our ESG expertise has grown in line with the pace of ESG developments. In August 2021, we hired our first dedicated ESG resource, Ms. Sarah Pang as the Head of ESG and Sustainability.

As a Firm, we strive to make continuous progress on the ESG front and have made meaningful strides in 2021. In September 2021, Affinity launched its ESG 2.0 Roadmap. The ESG initiatives under our ESG 2.0 Roadmap underscore our commitment as a responsible investor and serve to (i) deepen ESG integration and engagement with our portfolio companies, (ii) build our capabilities in climate change and (iii) enhance our reputation as an ESG leader in the Asian private equity space. Over the last few months, we have achieved several milestones, including organising our inaugural CEO ESG Roundtable with the Firm's portfolio companies, launching our TCFD integration process and making a formal commitment on D&I for the Firm.

AFFINITY'S ESG 2.0 ROADMAP 2021 and Early 2022 MILESTONES

 DEEPENING ESG INTEGRATION	 CLIMATE CHANGE	 DIVERSITY AND INCLUSION	 SUSTAINABILITY THEMED INVESTMENT	 STAKEHOLDER ENGAGEMENT
<ul style="list-style-type: none"> In September 2021, we held our inaugural CEO ESG Roundtable to engage our portfolio companies on ESG. In October 2021, we updated our ESG due diligence toolkit, incorporating the SASB framework to help us identify material ESG issues. We held an ESG training on "Climate Change and TCFD Integration" in November 2021 and second training session on "Materiality in ESG Due Diligence" in February 2022. <p>100% of our investment professionals attended both training sessions further developing their knowledge on ESG and climate change.</p>	<ul style="list-style-type: none"> In October 2021, we engaged an external advisor to support our efforts to integrate TCFD into our investment analysis and decision making processes. This includes (i) further embedding climate change considerations into our investment process, (ii) training Affinity's investment professionals and our Fund V portfolio companies on the Greenhouse Gas Protocol and (iii) developing an understanding of the carbon footprint of Affinity and Fund V portfolio companies. In November 2021, we trained our investment professionals and Fund V portfolio companies on "Climate Change and TCFD Integration" to further develop their understanding of climate risks. In March 2022, we performed a climate scenario deep dive on several of our Fund V portfolio companies and engaged one-on-one with the companies to help them better understand of their climate risks and opportunities. 	<ul style="list-style-type: none"> In January 2022, Affinity became a signatory to ILPA's Diversity in Action initiative, formalising our commitment to advancing D&I in our Firm. In March 2022, we held our first firmwide women's networking event during International Women's Day. 	<ul style="list-style-type: none"> In November 2021, we completed our first sustainability themed investment in Towngas, a leading city gas player in China. Affinity's investment will accelerate the roll-out of distributed solar photovoltaics and support Towngas' evolution into an integrated clean energy provider. In February 2022, members of our investment teams gave a firmwide presentation on sustainability investment trends in carbon neutrality and the EV battery industry to build knowledge in these areas. 	<ul style="list-style-type: none"> We regularly engage with our investors on ESG matters through various forums, including one-to-one discussions and quarterly reports. We are a member of the HKVCA and SVCA ESG Committees, and regularly speak at industry events on ESG. Our team presented at the ESG Masterclass organised by the SVCA in 2021 and 2022 and was a panellist on the ESG Panel in the Asia Private Equity Forum in January 2022. Our employees are active members of the community. In April 2022, more than half of the members of our Singapore office supported the community through food delivery to the vulnerable elderly.

Five Pillars of our ESG 2.0 Roadmap and Key Milestones achieved

DEEPENING ESG INTEGRATION

Sharing Best Practices at Affinity's Inaugural ESG CEO Roundtable



In September 2021, we held our inaugural ESG CEO Roundtable where over 50 C-level executives from our portfolio companies and Affinity senior investment professionals exchanged knowledge on ESG and climate change topics. The inaugural session garnered much positive feedback with portfolio cross learnings and CEOs taking actionable steps on developing their ESG strategy.

At the session, one of our portfolio companies, Shinhan Financial Group ("Shinhan"), presented a case study which outlined best practices in ESG integration. Shinhan is at the forefront of the ESG drive in the Korean financial industry and has served as a founding signatory of the United

Nations Principles for Responsible Banking ("UN PRB") since 2019. In 2021, Shinhan was invited to the United Nations Climate Change Conference ("COP26") as a representative of financial institutions in Asia.

We invited a guest speaker from Ernst & Young LLP's Climate Change and Sustainability Services to present on "Integrating ESG and Climate Change for Business Strategy and Performance". This presentation provided valuable insights on how companies can adopt ESG considerations in their decision-making processes that is impactful to their business and aligned with stakeholders' expectations.

MOU with HDBank (Vietnam) presented at COP26



(Left to right):
Affinity Managing Director,
Mr. Le Hoai Anh
HDBank Deputy CEO,
Mr. Tran Hoai Nam
HDBank Permanent Vice
Chairwoman of Board of Directors,
Madam Nguyen Thi Phuong Thao

Following the ESG CEO Roundtable, we engaged actively with a Fund V portfolio company, HDBank, on ESG opportunities in the Vietnam banking sector and specifically for HDBank. Affinity and HDBank joined the Prime Minister of Vietnam to the 2021 COP26 as part of the Vietnamese delegation.

A Memorandum of Understanding ("MoU") was signed during the COP26 where Affinity pledged to support HDBank's efforts to promote ESG in the Vietnamese banking sector, through initiatives such as green credit programmes for sustainable development and climate related projects, amongst others. Affinity will provide ESG insights, knowledge and resources to enable HDBank to develop

its ESG capability building and climate change strategy. At the same time, both parties will jointly explore opportunities to develop funding programmes for ESG-qualified businesses and projects in Vietnam.

We are deeply encouraged by the positive feedback and strong traction generated by the ESG CEO Roundtable and look forward to future editions of the event. We will continue to proactively engage with our portfolio companies, peers, and regulatory bodies to promote and enhance ESG standards within the industry.

EMPOWERING SUSTAINABLE SUPPLY CHAINS IN THE APPARELS INDUSTRY

Trimco



Recycled Packaging



Vegan Leather



Sustainable Labels

Trimco is a global supplier of trims, packaging, and care labels. Its technology-enabled labels provide the apparel industry an essential solution to the issue of supply chain traceability. We partnered with Trimco to develop its ESG Playbook and built a suite of strategic ESG capabilities. We are proud to have achieved the following outcomes:

- Sustainable materials used in production: 25% of the woven labels and 69% of care labels are produced from recycled material, 54% of paper used is Forest Stewardship Council certified.
- Sustainable Track and Trace IT System: Proprietary system developed to rapidly support brand owners to substantiate any sustainable claims, fulfil regulatory requirements,

and increase usage of sustainable materials. Since launch in 2020, Trimco has supported clients and enabled supply chain transparency of over 3 million fashion items sold per week.

- Climate change: Developed the ability to measure Scope 1 and 2 emissions and increased the use of renewable energy at production sites through installation of rooftop solar panels.
- Diversity and inclusion: Commitment to create a diverse and inclusive culture, 66% C-level management, 50% board members and 43% overall staff are female.

In December 2021, Affinity and Trimco were awarded the HKVCA ESG Award of Excellence in recognition of our efforts.

Images Courtesy of Trimco Group



04

Climate Change Approach and Taskforce for Climate Related Financial Disclosures



OVERVIEW

Climate change is the defining challenge of our generation. As a responsible investor, Affinity firmly believes that integrating climate considerations into our investment processes will not only fortify our investments from climate risks but also help us to identify climate opportunities.

Our climate disclosures follow the recommendations set out by TCFD in their guide for Private Equity General Partners (“GPs”) which addresses each of the TCFD pillars in turn and sets out actions for GPs to take.

CLIMATE GOVERNANCE

Raising climate awareness throughout the organisation and broader industry

In November 2021, we conducted TCFD training for all investment professionals, with a focus on understanding the importance of urgent climate action, as well as the steps and methodologies to measure and report GHG emissions according to the GHG Protocol.

All our Fund V portfolio companies also attended this training session. Given the broad reach of our Asian portfolio, the session included translations of climate concepts into local languages to ensure our portfolio companies were able to grasp the TCFD framework in their respective languages.

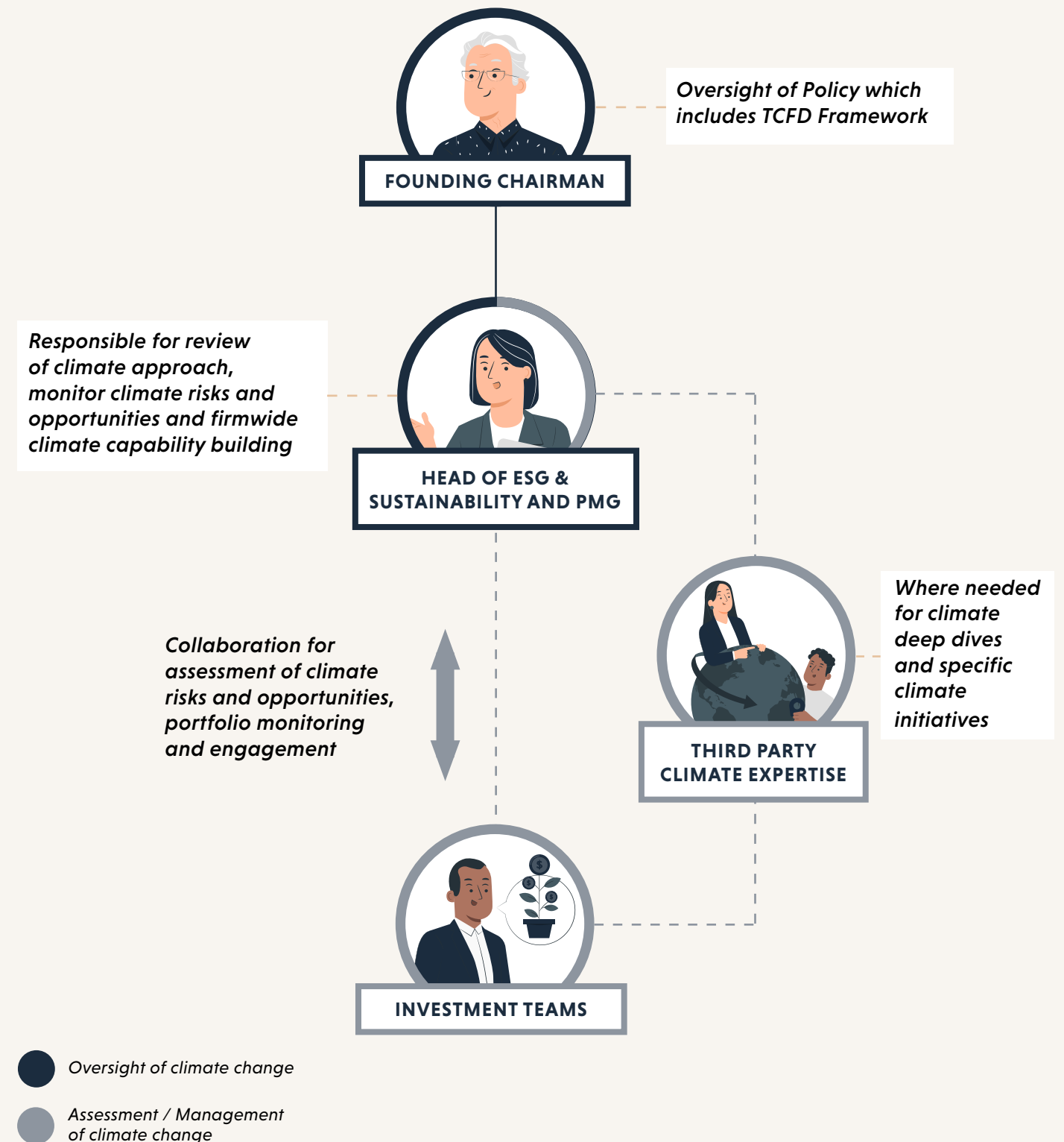
In January 2022, our senior leadership participated in the HKVCA ESG panel where, among other ESG topics, we shared our views on the importance for private equity industry to address climate change. We also shared our experience and lessons learned when integrating TCFD into our investment processes.

Developing a governance system to manage climate related risks

In 2020, Affinity established a climate governance process, when the Policy was updated to include our climate approach which is developed in line with the TCFD recommendations.

Our Founding Chairman has oversight over our climate policy and his approval is sought for any changes. The Head of ESG and Sustainability 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. They work closely with the investment teams to assess the climate risks and opportunities for each transaction and conduct post investment monitoring and engagement on climate change. Where needed, third party expertise is sought for specific climate initiatives.

OVERVIEW OF CLIMATE GOVERNANCE





CLIMATE STRATEGY

Developing a climate implementation plan

In October 2021, an external advisor was engaged to support our efforts to integrate TCFD into our investment analysis and decision-making processes. Our TCFD integration project focused on (i) further embedding climate change considerations into our investment process, (ii) training Affinity and our Fund V portfolio companies on TCFD and the GHG Protocol, (iii) deepening our knowledge of the climate risks and opportunities for each portfolio company and (iv) developing an understanding of the carbon footprint of Affinity and Fund V portfolio companies.

We developed a climate risk register and portfolio heatmap to understand the macro-overview of the climate risks and

opportunities facing our Fund V portfolio. The portfolio heatmap assessment showed the overall climate risk as “low-medium” across the Fund V portfolio. Some examples of transition risks identified included (i) increasing mandates on and regulation of existing products and services, (ii) enhanced emissions reporting obligations, (iii) changes to consumer preferences towards more sustainable goods and services. For physical risks, the acute risks of increased severity of weather events such as floods may have an impact on company operations. This process has enabled us to identify opportunities to work with our portfolio companies and mitigate their climate risks and look for opportunities for climate value creation going forward.

Climate Scenario Deep Dive Analysis

We performed climate scenario deep dive analysis on selected Fund V portfolio companies. For the scenario analysis, we chose two scenarios and time periods in line with our typical investment holding period to better understand the transition and physical risks of climate change to the selected portfolio companies.

SCENARIO NAME	TEMPERATURE INCREASE BY 2100	TIME HORIZONS	RELEVANT EXTERNALLY PUBLISHED SCENARIOS
Net Zero	~1.5°c to 2°c	Short: 2025 Medium: 2030 Long: 2050	<u>Physical risk</u> Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 2.6 <u>Transition risk</u> Network for Greening the Financial System (NGFS) NetZero 2050 (1.5°c) Scenario
Current Ambition (Business as usual)	~3°c to 4°c	Short: 2025 Medium: 2030 Long: 2050	<u>Physical risk</u> IPCC RCP 8.5 <u>Transition risk</u> NGFS Nationally Determined Contributions Scenario

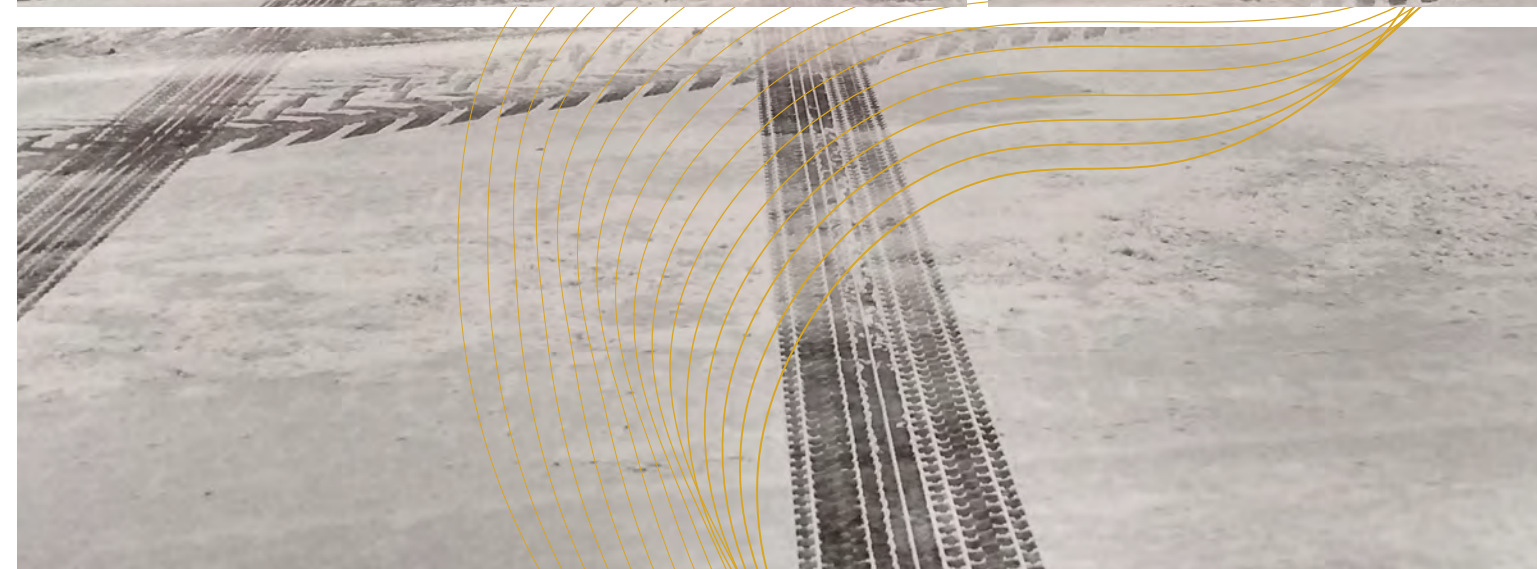
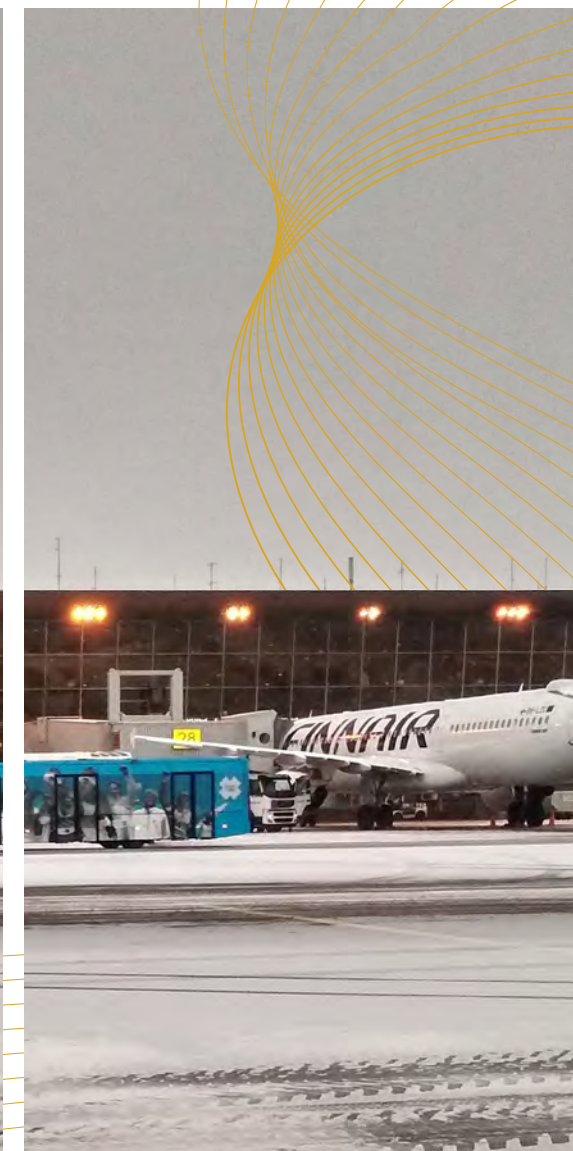
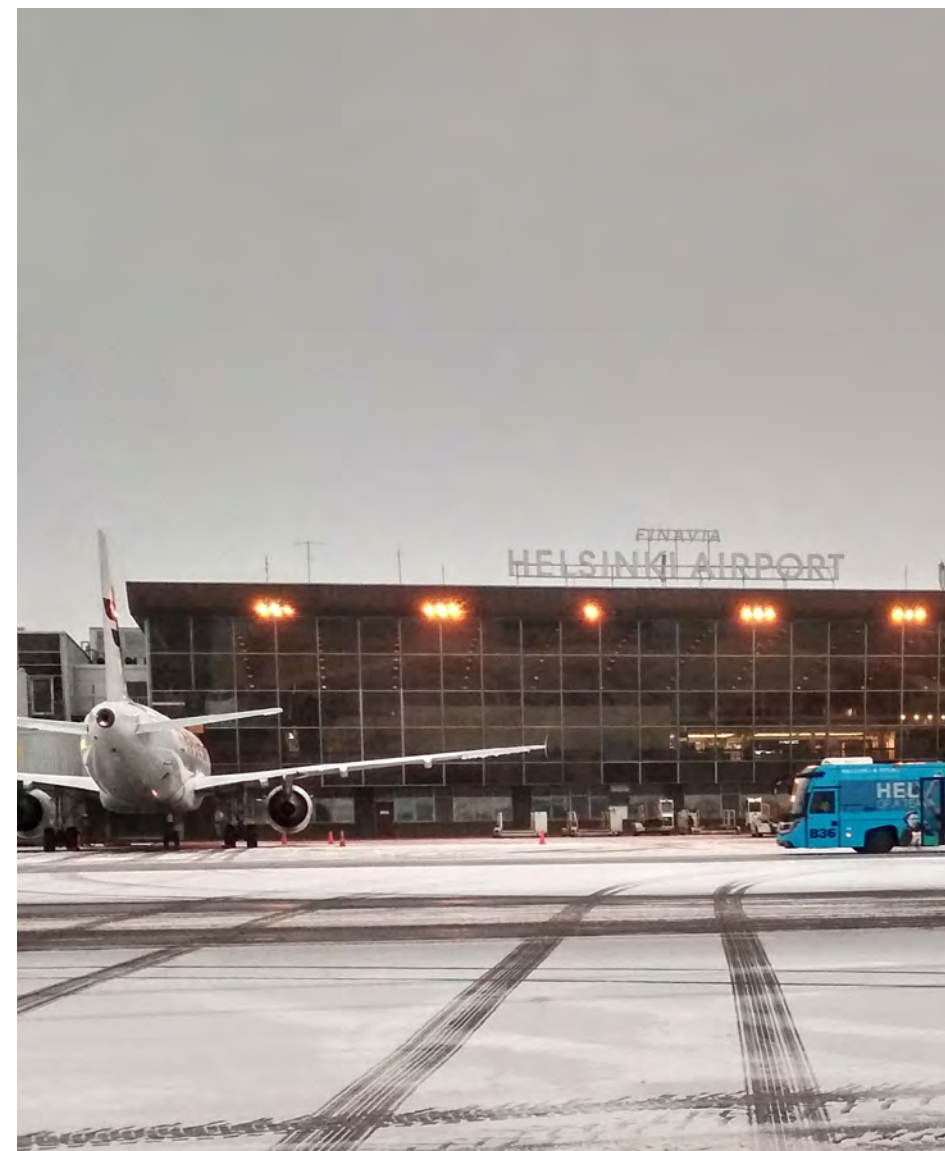
CLIMATE SCENARIO ENGAGEMENT

Plaza Premium Group
("PPG") Case Study

PPG is a global operator of airport lounges, hotels, and hospitality services in over 30 countries, 70 international airports and 250 locations.

Through the climate scenario analysis performed, PPG's main transition risks were identified as (i) higher building standards in environmental management and energy efficiency in the key operating locations and (ii) the increase in reporting requirements for GHG emissions. For the physical risks of climate change, increased frequency of storms and floods may disrupt food supply chains used for F&B services at the lounges. Both transition and physical risks were rated "low-medium".

Through a successful engagement with PPG, we enabled PPG to gain a deeper understanding of their climate risks and opportunities. PPG has been taking steps to address environmental management at their lounges, developing firmwide policies to be implemented at the lounges globally. In March 2022, PPG launched its first zero footprint lounge at Helsinki airport building on their green commitment with Finavia, the Finnish airport operator. Further, PPG has been building capabilities to improve its GHG emissions reporting. In relation to addressing the physical risks of climate change, PPG is developing localised supply chains to mitigate potential disruptions to F&B supplies.



ServeOne Co., Ltd (“ServeOne”) Climate Opportunities for Value Creation

SOUTH KOREA



ServeOne and Affinity worked in close partnership to develop the company's ESG strategy and roadmap. With the move towards climate friendly electric vehicles (“EVs”) globally, we quickly identified EV batteries as a sustainable value creation opportunity and rapidly built capabilities to develop this new business line.

Today, ServeOne is a full-fledged one-stop-shop “solutions provider” to EV battery players by providing procurement and logistics management of operation and maintenance supplies. ServeOne supports a circular economy, through providing

refurbishing services for EV battery parts, pallet and tray cleaning, and repair services to extend replacement cycles of EV batteries.

ServeOne also encourages eco-friendly products in purchasing recommendations. Last year, the company pledged to promote eco-friendly products in partnership with a leading supplier of daily health and hygiene products in Korea.

Towngas : Investing to support the low carbon transition in China

CHINA

In November 2021, Affinity completed our first sustainability themed investment, in support of the transition to a low carbon economy, with our acquisition of a 13.3% stake in the enlarged capital of Towngas. Towngas is a leading city gas player in China operating 164 city gas projects across 21 provinces and municipalities and a pioneer in smart energy. Over the past five years, Towngas has piloted five different energy sources in 19 projects and is among the first to focus on distributed solar photovoltaics (“PV”) in industrial parks. Towngas targets to achieve 1.0 GW of connected solar PV capacity in 2022 and eventually reach 8.0 GW by 2025, making it one of the leading players in the market.

We are excited to be supporting the global transition to renewable energy, clean energy and smart energy, through our investment in Towngas. The investment by Affinity will support Towngas in its evolution into an integrated clean energy provider and accelerate the roll-out of distributed solar photovoltaics as part of the smart energy solution for China.



RISK MANAGEMENT

Integrating Climate Risks in our Investment Management Processes

As part of the TCFD integration process, we updated our in-house ESG due diligence questionnaire to ensure that climate related considerations are included as part of every transaction. At the pre-investment stage, where we have determined that that a particular investment is exposed to a higher risk of climate change, either due to sector or geographical coverage we will work with an external advisor to understand the risks and opportunities facing the business.

Post investment, we will continue to work with our investee companies to mitigate climate risks and develop climate value creation opportunities. We will continually review our portfolio heatmap and climate risk register to take into consideration the latest changes such as environmental policy and regulations in the jurisdictions that our companies operate in.

We measure, track, and monitor the Scope 1 and 2 emissions of our Fund V portfolio companies and will use this as a tool to engage with our portfolio companies and help them develop better climate outcomes in support of the transition to a low carbon economy.



METRICS AND TARGETS

Measuring the Carbon Footprint of our Portfolio

We track and monitor ESG KPIs across our Fund V portfolio. These KPIs include climate related indicators such as, Scope 1 and 2 emissions and usage of renewable energy.

In February 2022, we completed our data collection and established a baseline of the Scope 1 and 2 emissions of our Fund V portfolio. We created measurement tools based on the GHG Protocol to enable our Fund V portfolio companies to calculate their carbon emissions. As this was the first year of data collection, in addition to the group TCFD training session in November 2021, we also had one-to-one engagement sessions with each of our Fund V portfolio companies to help them identify the sources of their Scope 1 and 2 emissions. Through this process, we were able to collect Scope 1 and 2 emissions data for 100% of our Fund V portfolio companies.

**> Our WACI was
17.4 tCO₂e per
million dollars of
revenue**

Across our Fund V portfolio, for January to December 2021, our weighted average carbon intensity ("WACI"), a metric recommended by TCFD, was 17.4 tCO₂e per million dollars of revenue.

Through the quantification of Fund V portfolio's Scope 1 and 2 emissions, we have identified areas for future climate engagement with our portfolio companies and will continue to encourage our portfolio companies to reduce their carbon emissions as part of our commitment to support the global transition to a low carbon future.



GP OPERATIONAL EMISSIONS

In February 2022, we completed the first year of measuring our operational carbon footprint. Using the GHG Protocol, we identified the main sources of emissions as the company cars, electricity consumption and business air travel. In 2021, we emitted 1,610 tCO2e as detailed in the table.

Our climate plan at the GP operational level is to (i) replace consumption with more sustainable options, (ii) reduce use of resources and (iii) offset where needed.

We plan to replace company cars to electric vehicles at the next replacement cycle and to make the switch to renewable energy in our office locations wherever possible. For business air travel, we will implement sustainable travel guidelines to optimise air business travel and purchase carbon offsets where needed. Due to the effects of Covid-19, business travel was greatly reduced in 2021, and we do expect to see an increase in business travel with the reopening of country borders from 2022 onwards.

SCOPE 1 Company Cars	34 tCO2e
SCOPE 2 Office Electricity Use	154 tCO2e
SCOPE 3 Business Air Travel	1,422 tCO2e



05

Diversity & Inclusion

Diversity & Inclusion

At Affinity, we firmly believe that a diverse and inclusive workforce is key to our success. D&I is championed at the highest level of Affinity, led by our Founding Chairman.

Our vision is to foster an inclusive culture that leverages the contributions of our staff with many backgrounds and perspectives to arrive at better investment decision making that ultimately drives our success. This means we treat one another with mutual respect, while contributing to an inclusive work environment where different points of view can be raised and respected. We do not tolerate discrimination, harassment or any behaviour which creates an intimidating, hostile and offensive work environment.

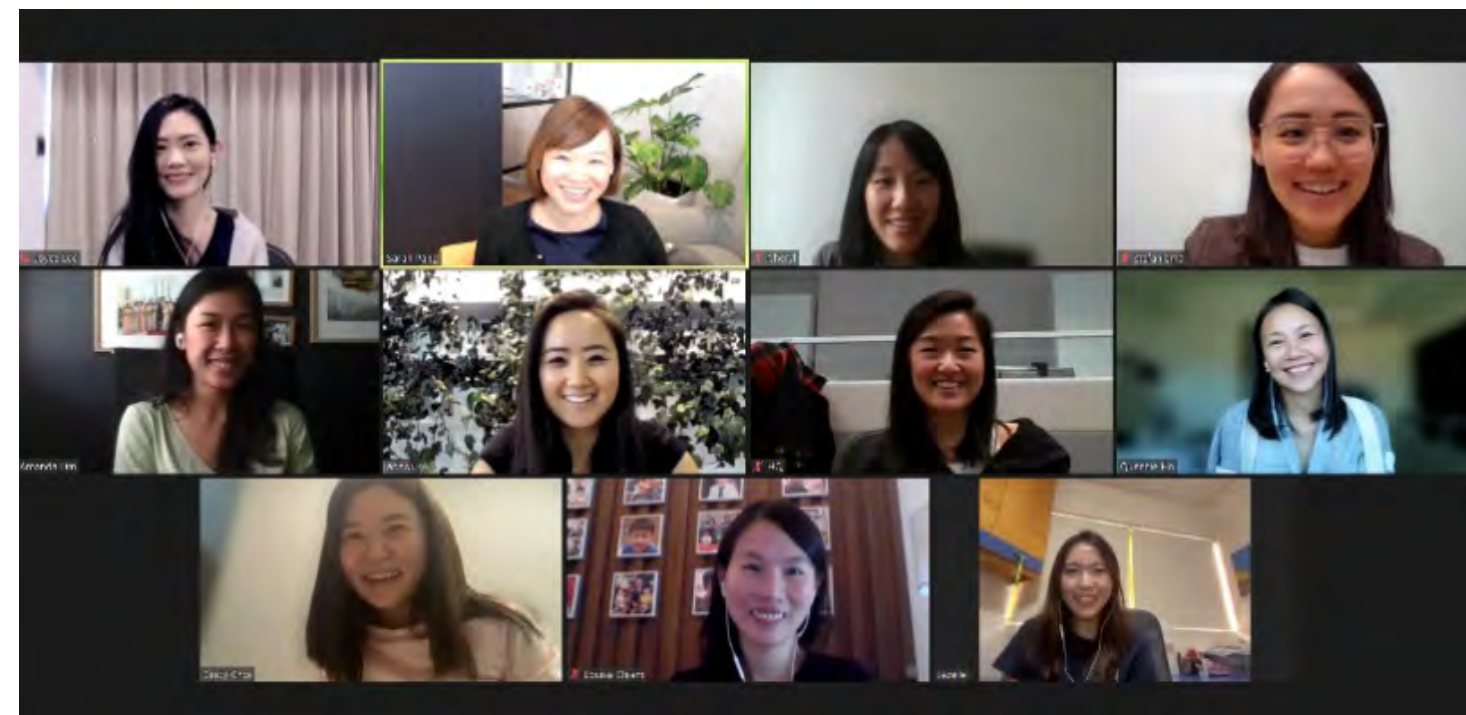
In our commitment to D&I, we will develop and implement initiatives that are applicable across our firmwide practices and policies including recruitment, professional development, compensation, promotions.

OUR COMMITMENT TO D&I

- Hiring more women in investment and business lead roles
- Shortlisting and interviewing at least one female candidate for each open position
- Establishing female employee networks and planning networking opportunities at our Firm
- Where possible, appoint and promote women to leadership roles at portfolio companies, (including C-level roles or portfolio company boards)

In January 2022, Affinity became a signatory to the ILPA's Diversity in Action initiative, entrenching our commitment to advancing D&I in the private equity industry. In March 2022, we held our first firmwide women's networking event during International Women's Day. Over the course of 2022, we are targeting to roll out new D&I initiatives, including regular D&I training for managers on topics such as "Unconscious Bias" and "Building Inclusive Teams".

Affinity's First Women's Networking Event



Signatory to ILPA's Diversity in Action Initiative since 2022





06
Stakeholder
Engagement



We believe that through engaging both our internal and external stakeholders, we are better able to fulfil our responsible investment commitment, exchange knowledge on ESG best practices and enhance standards across the private equity industry.

Employees

Our people are core to our ability in creating a sustainable long-term investment environment. Affinity's investment professionals are kept abreast of the latest ESG developments and available resources through participation in external conferences and seminars, as well as internal training sessions. These sessions are typically held throughout the year and Affinity's investment professionals will attend them as part of their career development.

These events include an ESG Forum jointly organised by the PRI and Chartered Financial Analyst Institute, and an IBIS Consulting event on Adapting to Climate Risks. In 2020, select members of our investment professionals obtained an advanced certification in Sustainability Reporting and Sustainable Project Implementation from the Singapore Management University. Conducted in conjunction with the Singapore chapter of the UN Global Compact,

the programme focuses on an in-depth understanding of: (i) various sustainability reporting and disclosure frameworks such as the Global Reporting Initiative standards, TCFD, and the Carbon Disclosure Project, (ii) key components of a quality sustainability report, and (iii) stakeholder engagement on sustainability and ESG performance.

In November 2021, we conducted TCFD training for all investment professionals, with a focus on understanding the importance of urgent climate action, as well as the steps and methodologies to measure and report GHG emissions. In February 2022, all investment professionals attended a training session on "Materiality in ESG Due Diligence", that included a teach-in session on using our enhanced internal ESG due diligence toolkit that incorporates the SASB framework. We are pleased to report that 100% of our investment professionals attended both trainings.





Investors

At Affinity, we keep our investors updated on the ESG developments of portfolio companies through our quarterly reports, one-to-one discussions and industry events. Should there be material ESG incidents that have occurred, Affinity will inform the investors as soon as practicable. Through these open communication channels, we have been able to gather good feedback on our ESG approach and understand key topics that are top of mind for our investors.



Industry

We participate in industry events to exchange knowledge on ESG and encourage our portfolio companies to do so.

Our Firm is a member of the HKVCA ESG Committee and SVCA ESG Committee, and our team regularly speaks at industry events on ESG. As a member in HKVCA ESG Committee, we participated as a panellist on a webinar on "TCFD Best Practices" in January 2021 and contributed to the Securities and Futures Commission of Hong Kong consultation paper on climate-related risk disclosure by fund managers in late 2020. In January 2022, we participated on the ESG panel in the Asia Private Equity Forum. Our portfolio companies have also been active participants in industry forums to share ESG

best practices. In 2021, Trimco Group CEO, Amy Wan, was invited to speak at a webinar on "Enabling Traceability and Transparency in Supply Chains", hosted by SGInnovate and moderated by Bain & Company. Shinhan was invited to the 2021 COP26, held in the UK, as a representative of financial institutions in Asia where Shinhan's CEO, Cho Yong-byoung, presented an outline of Shinhan's ESG strategy, shared how financial institutions can help counter climate crises, and called for participation of the global community.

Affinity is a member of both the HKVCA and SVCA ESG Committees

HK私投募資VCA | Hong Kong Venture Capital and Private Equity Association

SVCA Singapore Venture Capital & Private Equity Association



Communities

Affinity firmly believes in supporting our communities through donation drives, participation in charity events and community outreach programmes.

In 2020, Affinity's investment professionals participated in the donation drive organised by one of Affinity's portfolio companies, Leong Hup International Berhad. Affinity's investment professionals sponsored 1,300 grilled chickens, which were distributed to the elderly and orphanages. The donation drive was organised to reach out to the less privileged groups in parts of Malaysia during the Covid-19 pandemic.

In April 2022, employees of Affinity's Singapore office volunteered for "Meals on Wheels", in partnership with TOUCH Community Services ("TOUCH"). "Meals-on-Wheels" is a meal delivery programme to meet the daily needs of the home-bound elderly. The elderly, who usually live alone, depend on volunteers from TOUCH to deliver their meals every day. Through the volunteer event, our colleagues collectively delivered over 135 meals to the home-bound elderly in the central and west regions of Singapore.

Affinity's Employees during "Meals on Wheels"



Illustrations by Storyset

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