DEEPENING ESG INTEGRATION

REPORT 2022/2023

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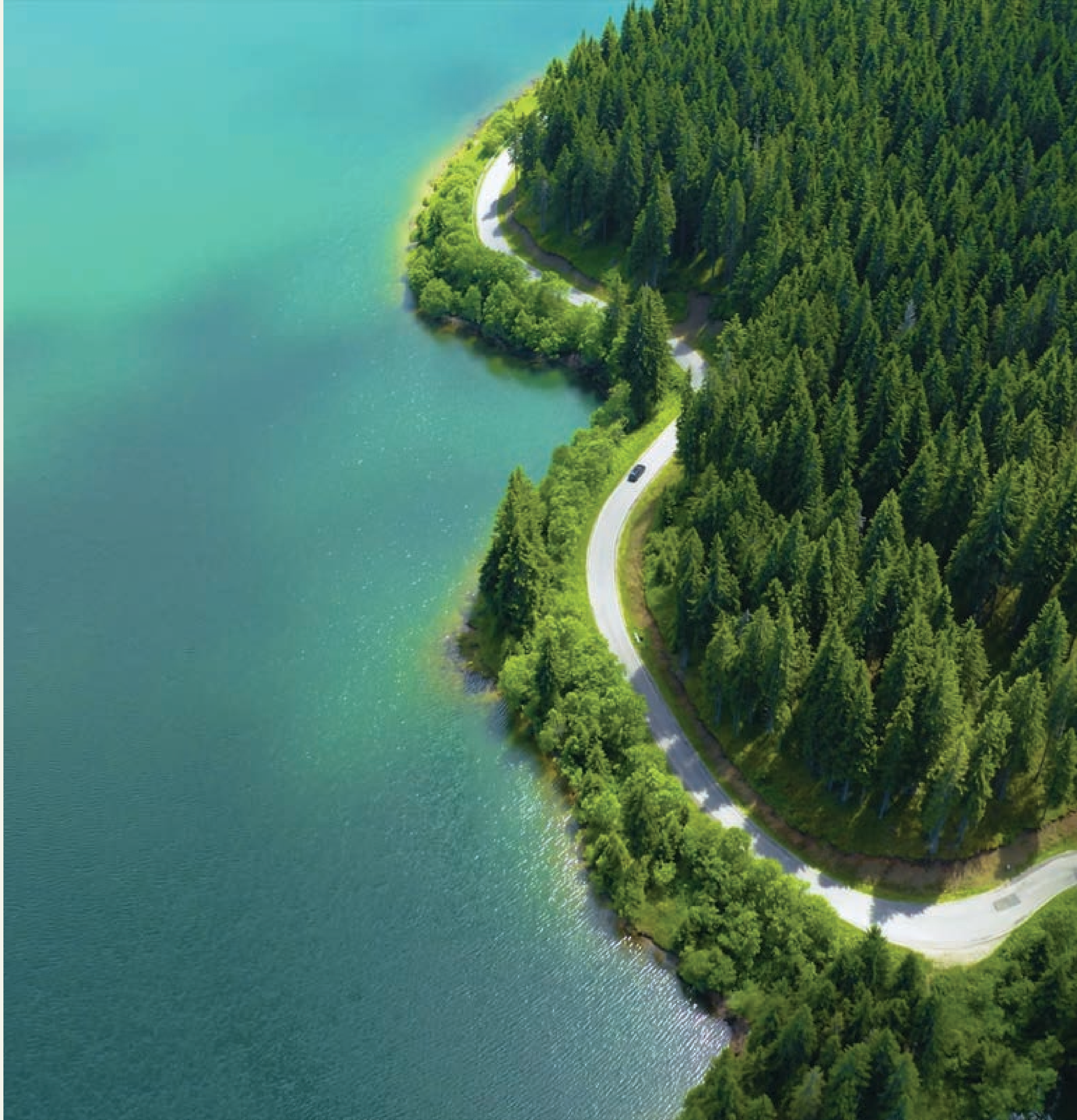


AFFINITY EQUITY PARTNERS

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

Founding Chairman's Opening Letter

"Creating sustainable value through deepening ESG integration"

Affinity Equity Partners' ("Affinity") investment philosophy is founded on sound Environmental, Social and Governance ("ESG") principles and an active ownership model that has stood the test of time. We believe that through ESG integration, our companies will be able to create sustainable value.

For the past 25 years, we have faithfully managed our companies according to these principles. We have demonstrated that we can achieve sustainable value creation, and we are now recognized as one of the leaders in Asian Private Equity.

Through responsible capital allocation and active ESG integration into our investment process, we have invested and built businesses that are not only purposeful but have proven to be resilient and beneficial to our society.

Our ESG 2.0 Roadmap guides the implementation of sustainability initiatives for our Firm and our companies. We continue to improve the way we do business by deepening our ESG integration at our companies. Below are the highlights in 2022.

CLIMATE COMMITMENT AND CAPABILITIES

We announced our firmwide Paris-Aligned climate commitment at our 2022 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.

We completed the integration of Task Force for Climate Related Financial Disclosure ("TCFD") into our investment processes. This has enhanced our capabilities to address climate risks and opportunities throughout our investment lifecycle, and measure the Greenhouse Gas ("GHG") emissions of our operations and companies.

As a testament to our portfolio companies' efforts to reduce their emissions, we reported a 7.7% carbon efficiency improvement as compared to 2021.

In 2022, as part of our support toward the wider industry in the climate transition, we became a TCFD supporter and a founding member of the Asian chapter of the Initiative Climat International ("iCI"), a private equity industry initiative that seeks to share best practices on climate change.

HUMAN RIGHTS

In recognition of the growing need to address human rights related risks, we updated our ESG policy in 2023 using the United Nations Guiding Principles on Business and Human Rights ("UNGPs") as a guiding framework. We enhanced our ESG Due Diligence toolkit and trained 100% of our investment professionals on identifying and addressing human rights risks during the investment cycle. We will continue to monitor this space and seek to work with our portfolio companies in this area.

DIVERSITY AND INCLUSION

We became a signatory of the Institutional Limited Partners Association ("ILPA") Diversity in Action ("DIA") initiative in January 2022. Among other actions, we committed to interview and shortlist at least one female candidate for every open role. To improve employee retention and career progression, we provided employee resources for our female colleagues through internal networking events and mentorship programs. We engaged a training partner, Paradigm, to provide unconscious bias and inclusive culture building training for 100% of our investment team leaders and people managers.

At the portfolio company level, we have demonstrated progress by doubling the number of Fund V companies that have at least one female board member from 31% of the portfolio in 2021 to 62% in 2022.

ACTIVE OWNERSHIP

As active owners, we believe it is important to continually engage with our companies to build alignment. In September 2022, we held a CEO ESG Roundtable in Seoul, South Korea, with participation from over 40 C-level executives from our portfolio companies and Affinity's senior investment professionals. To build both top-down and bottom-up alignment on ESG matters, the ESG CEO Roundtable culminated a week-long process of individual ESG engagement sessions with the working level teams of our Korean portfolio companies to discuss actionable initiatives that would then be supported at the strategic level by their senior management.

ENHANCING TRANSPARENCY

We have invested time and resources into ESG data collection and reporting. We are a key supporter in Asia of the ESG Data Convergence Initiative ("EDCI"). All our Fund V portfolio companies report on the EDCI ESG metrics including their Scope 1 and 2 carbon emissions. We believe that through better data and insights we can actively engage our companies and develop actionable initiatives. We share the ESG KPIs with our portfolio companies in engagement sessions to give them a snapshot of their ESG performance and discuss improvements. This year also marks the second year of publication of our annual Sustainability Report and represents our commitment to enhancing transparency in our industry.

AWARDS

As a testament to our commitment to creating sustainable value, in November 2022, Affinity together with PT Industri Jamu dan Farmasi Sido Muncul Tbk ("Sido"), won the Asian Venture Capital Journal ("AVCJ") Responsible Investment Award 2022. Sido produces and sells herbal medicines and health products and works closely with local herb and spice farmers to produce the raw materials. This is the second year in a row that we have won an ESG award for our portfolio development work. In 2021, we won the Hong Kong Venture Capital and Private Equity ("HKVCA") ESG Award of Excellence for our work with Trimco International Holdings Limited ("Trimco").

While we are proud of our achievements in ESG, we know that there is still much work for us ahead. I would like to express my appreciation for the support of our investors, companies' management, colleagues, and stakeholders in our journey as a responsible investor. We look forward to enjoying the fruit of our labor as we invest responsibly for a better tomorrow.

Yours faithfully,

KY Tang
Founding Chairman & Managing Partner
AFFINITY EQUITY PARTNERS

02

2022 HIGHLIGHTS

Affinity Equity Partners

PIONEERS IN ASIAN PRIVATE EQUITY

Affinity is one of the largest and longest established, independent private equity firms in Asia. Affinity has local investment teams consisting of ~60 professionals in 5 offices across Asia Pacific.

Our track record spans the last 25 years, guided by our Asian values, we have built longstanding partnerships with management teams and created sustainable value across multiple funds for our investors - some of the largest pension funds, sovereign wealth funds, and financial institutions globally. As of 31 December 2022, Affinity has invested US$ 9 billion in capital, executing 58 transactions with a total transaction value of US$ 22 billion.

25 YEARS
In Asian Private Equity

~60
Investment Professionals

US$ 14 BILLION
Raised across 5 funds

58 TRANSACTIONS
Across 11 countries, 35 exits

85%
Proprietary Deals

$9 BILLION
Investments

Total transaction value
$22 BILLION

Sustainability Impact Highlights

4★ Signatory of the **Principles for Responsible Investment (PRI)** since 2017 and consistent A or 4★ grade in the last 3 years of PRI assessments

Supporter of the **ESG Data Convergence Initiative**

85% of our Fund V portfolio companies have an ESG policy or equivalent

Announced our Climate Goals to be **Carbon Neutral as an institution by 2030,** and for majority owned portfolio companies to set climate goals by 2025

62% of Fund V portfolio companies have **one or more female board members,** doubling the number of Fund V companies with female representation as compared to 2021

Founding member of the Asia Pacific chapter of the Initiative Climat International

Weighted Average Carbon Intensity of Fund V portfolio companies is 9.52 tCO2e per million dollars revenue, **7.7% improvement** from 2021

100% investment professionals attended training on Human Rights

c.92,760 jobs supported by our Fund V portfolio companies

ESG Engagement with 100% Fund V portfolio companies

100% of our Fund V portfolio companies report on their Scope 1 and 2 GHG emissions

Winner of ESG industry awards two years in a row: AVCJ Responsible Investment Award 2022 and HKVCA ESG Award of Excellence 2021

03

ESG STRATEGY & GOVERNANCE

ESG has always been part of Affinity's investment philosophy. 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 world's largest pension funds, sovereign wealth funds, and financial institutions.

We have been proud signatories to the PRI since 2017. We have consistently achieved "A" or 4* in both "Policy, Governance and Strategy" and "Private Equity" modules in our last three assessments since 2019.

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. 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 and adopts TCFD's frameworks to guide our approach to climate change. We regularly update our Policy to take into consideration the latest changes in the ESG landscape.

In 2023, we enhanced our Policy and Guidelines to include Human Rights Specific Considerations in line with the United Nations Guiding Principles for Business and Human Rights ("UNGPs").

At Affinity, we recognize our responsibility as a business leader and are committed to upholding internationally recognized human rights in all our operations. In line with the UNGPs, we acknowledge human rights as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Our Policy prohibits investments whose activities violate human rights through the destruction of the environment or endangerment of society.

United Nations

THE THREE PILLARS OF THE UNGPS

PILLAR 1 : Protect
(Principles 1 to 10)

THE STATE'S DUTY TO PROTECT

Pillar 1 specifies the state's duty to protect human rights in the context of business operations. This requires States to set clear expectations for companies by enacting effective policies, legislation, and regulations. In doing so, States establish that appropriate steps are in place to prevent, investigate, punish and address adverse human rights impacts.

PILLAR 2 : Respect
(Principles 11 to 24)

THE CORPORATE RESPONSIBILITY TO RESPECT

Pillar 2 outlines how businesses can identify their negative human rights impact and demonstrate that they have adequate policies and procedures to address them. Businesses should institute a policy commitment to meet this responsibility. Businesses should also undertake ongoing human rights due diligence to identify, prevent and mitigate human rights abuses. Finally, businesses should enable remediation mechanisms for the negative impacts they have caused or contributed to.

PILLAR 3 : Remedy
(Principles 25 to 31)

ACCESS TO REMEDY

Pillar 3 stipulates that when a right is violated, victims must have access to effective remedies which are legitimate, accessible, predictable, equitable, transparent and rights compatible. Pillar 3 sets out criteria for effectiveness of judicial and non-judicial grievance mechanisms implemented by both States and businesses. Pillar 3 underlines the expectation that operational-level mechanisms should be based on genuine engagement and dialogue with the stakeholder groups whose rights they seek to remedy.

Source: Adapted from the UN Guiding Principles (UNGPs) on Business and Human Rights (2011)

ESG Governance

At Affinity, oversight for the ESG program lies with the Founding Chairman. The Investment Committee 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 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 progress of post-investment ESG initiatives.

Deepening ESG Integration

ESG integration is well embedded within our investment process. In the evaluation of potential investment opportunities, Affinity's investment professionals will assess ESG risks and opportunities, and are supported by our in-house ESG due diligence toolkit. Post-investment, our active ownership roles and representation on the Board of Directors in portfolio companies allow us to work closely with management to implement initiatives and address any ESG issues.

OVERVIEW OF OUR APPROACH TO ESG INTEGRATION

PRE-INVESTMENT

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

POST-INVESTMENT

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

Industry Recognition for our ESG work

Our ESG work and partnership with our portfolio companies are recognized by stakeholders in the industry. We are pleased to report that in 2022, PT Industri Jamu dan Farmasi Sido Muncul Tbk ("Sido") was awarded the AVCJ Responsible Investment Award. Since our investment in 2018, we partnered with Sido to formalize its ESG approach into a holistic strategy. This is the second consecutive year that Affinity has won an ESG award for our portfolio engagement work. In 2021, we won the HKVCA ESG Award of Excellence for our work with Trimco.

Sido : Delivering wholesome and resilient stakeholder value

Sido is the largest, most established, integrated herbal products and medicines brand owner and manufacturer in Indonesia, listed on the Indonesia Stock Exchange ("IDX") since 2013. With over 70 years of heritage, Sido specializes in creating modernized "Jamu" or herbal products and medicines based on a wide range of natural Indonesian herbs and medicinal plants. With its clinically proven herbal medicines, Sido has a leading market share of over 80% in Indonesia's herbal products market. The Company has over 4,000 employees and distributes its products through c.140,000 wholesalers and over two million points of sales throughout Indonesia.

Sido's vision is to be a pharmaceutical, traditional medicine, health food and beverage, and herbal ingredients company which benefits the community and environment.

Since our investment in 2018, and through our representation on Sido's board, we partnered with the Company to formalize its ESG approach into a holistic strategy. The strategy was developed based on the key findings from our pre-investment ESG due diligence. **Each of the five key pillars of Sido's sustainability strategy addresses ESG issues material to the business and focuses on (i) Environmental preservation (ii) Inclusive business (iii) Employee welfare (iv) Product integrity and (v) Sustainable sourcing.** Sido's sustainability report, published annually since 2018, supports transparency and accountability and reports on progress on these identified areas.

SELECT EXAMPLES OF SIDO'S INITIATIVES

PILLAR (i): *ENVIRONMENTAL PRESERVATION*

AGROFORESTRY TO PREVENT DEFORESTATION

Deforestation is a significant contributor to climate change. In 2021, Sido partnered with the Katingan Mentaya Project (KMP) to prevent deforestation in Central Kalimantan. Instead of traditional slash and burn cultivation methods, local tribal communities are mentored in agroforestry to grow raw ingredients for Sido's herbal medicines.

PILLAR (v): *SUSTAINABLE SOURCING*

SUSTAINABLY SOURCED SPICES

Sido continually improves the sustainability of its supply chain through engagement with its suppliers and Fostered Farmers, who are a group of farmers who receive farming advice, support, seeds and fertilizers from Sido. 100% of its raw ingredients including ginger, turmeric, cardamon, pachouli, anise, are locally sourced. Clear requirements for quality, food safety and sustainability are provided to suppliers with regular supplier audits, and feedback is given to improve raw ingredient quality.

Sido's focus on material ESG factors has significantly contributed to the growth and resiliency of its business performance. From 2019 to 2022, revenues and profits increased ~10% annually, leading to a share price growth of ~80% over the same period. Sido's market value has also shown remarkable resilience through the 2022 market turbulence marked by the Russia-Ukraine crisis. Its market performance has reaffirmed the conclusions from the 2015 Harvard Business School academic study on ESG which showed that markets do reward companies that focus on material ESG factors.

Sido is a constituent of all 4 IDX ESG indices, and including being 1 of 30 firms on the exclusive IDX ESG Leaders index.

In July 2022, Sido received the "Top Performing Listed Companies 2022" award from Indonesia-based financial news publication, "Investor Magazine", in recognition of its resilient business performance amidst the COVID-19 pandemic and strong commitment to ESG. In the same month, Sido received the "Best Managed Companies in Indonesia Award 2022" from Deloitte Indonesia, which recognizes top-performing businesses for their excellence in management, organizational success and contributions to their respective industries.

Through its holistic ESG strategy, Sido has shown that ESG can be a clear driver for business success by delivering value to the spice farmers in its supply chain, employees, shareholders, customers and the broader community. With its ESG strategy firmly in place, Sido has a strong foundation to innovate further, develop new natural health products, grow responsibly, and establish itself as a truly sustainable, better business.

Trimco: ESG Value Creation Helped Drive Exit Value – Interview with CEO, Amy Wan

ESG value creation is an important tool in future-proofing a company and helping the business develop new capabilities. *CEO Amy Wan* shares her insights into Trimco's **sustainability strategy for value creation.**

Trimco is a global supplier of sustainable trims, packaging and care labels for international fashion and sports brands. Trimco's technology-enabled label, PRODUCT DNA®, provides the fashion and apparel industry an essential solution to the problem of supply chain traceability and transparency.

In 2022, Affinity sold Trimco to Brookfield Asset Management for an enterprise value of USD 850m, representing a 2.2x multiple and 19% gross IRR.

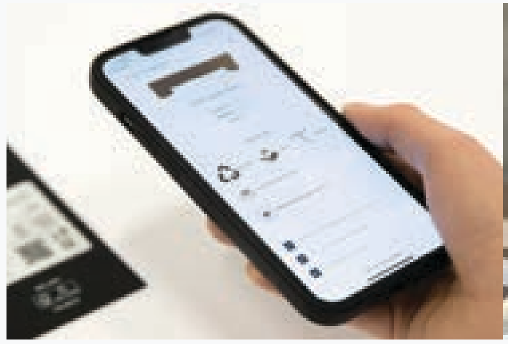
Q: What is the story behind Trimco's sustainability strategy?

Amy: Trimco's core product is its care and content label. Everything must go on the care label. For example, the fiber content of the garment, country of origin and manufacturer identification. The care label, as small as it is, contains essential compliance information needed for fashion brands to satisfy their regulatory requirements so that they can import their clothing into countries for sale. Once we recognized the unique role that our care labels have in supporting supply chain transparency within our industry, we decided to build on this strength to develop sustainability solutions for the apparel industry.

Q: That sounds interesting! How did you think about your sustainability strategy and when did you get started?

Amy: We saw our sustainability strategy encapsulated by four pillars which encompass the topics of a sustainable supply chain, brand solutions, production, and conducting responsible business. Each of these topics feeds into our core product of the care label, as well the trims, packaging, and brand identity elements.

We actually started thinking about building our track and trace – PRODUCT DNA® IT platform in the middle of COVID-19! We were very fortunate to partner with the Affinity team who supported us in the decision to invest in Trimco's business at a time of uncertainty.



Q: Tell us more about the PRODUCT DNA, the traceability solution.

Amy: PRODUCT DNA® is the IT platform Trimco uses to enable our clients to track and trace their supply chain, down to individual garment's raw materials used, its manufacturer, and provide real-time presentation of this value chain to consumers via QR codes on labels. This enables the consumer to see exactly what their garment is made of, where and who it was made by. For the brands and manufacturers, PRODUCT DNA® enables them to track the materials that they use and make decisions to purchase more sustainable materials to use in making their garments. It is a powerful tool for brands to be able to tell the story of how their garment were made!

Q: What other sustainable products does Trimco provide?

Amy: Besides care labels, Trimco also provides labels and tags, seals, strings, packaging, badges, all the items that can be used to provide brand identity for garments. 83% of our products are made from recycled, organic materials, biodegradable or FSC-certified materials. All our products are certified STANDARD 100 by OEKO-TEX®, one of the world's most acknowledged labels for textiles tested for harmful substances, and it stands for high product safety.

Q: Do you see these sustainability initiatives creating value for Trimco's business?

Amy: Most definitely, we have been able to introduce PRODUCT DNA® to 74% of our customers and complete a series of pilot projects. We have also been able to reach a new customer base of sustainable brands, while helping existing customers use more sustainable materials.

This sustainability transformation was a key part of future-proofing the business, and was an important factor of how our new partner, Brookfield Asset Management, saw sustainable value.

Q: Let's pick up a bit more on that point, how did Brookfield Asset Management see sustainable value in Trimco's business?

Amy: Trimco's sustainability credentials and position in the supply chain to promote transparency in the apparel industry was very attractive to Brookfield Asset Management. They have a large retail footprint in North America, and they really see the opportunity to expand Trimco's business by providing industry leading products and services to clients globally. As a responsible investor, they are committed to ESG, and therefore our values were aligned.

I am very glad to have had the opportunity to work with so many good partners who want to build purposeful businesses that both do good and do well!

Q: Thank you Amy for the time, we wish you every success for the future!

04

PORTFOLIO ENGAGEMENT THROUGH DATA DRIVEN INSIGHTS

ESG Insights for Portfolio Engagement Through Better Data Collection and Reporting

ESG reporting is embedded in Affinity's investment lifecycle and has become an important part of our portfolio monitoring and value creation. We have come to recognize that through better ESG data collection and reporting we can generate useful insights for our companies. This helps us to better conduct ESG engagements and develop ESG initiatives for our companies to address material risks and opportunities.

We have invested significantly in ESG data collection and reporting, spending time understanding the ESG metrics and KPIs of our portfolio companies, including engaging advisors, Ernst and Young, to help us integrate TCFD.

With the myriad of ESG reporting frameworks in the industry today, we strive to align with a reporting framework that enables a common ESG language with our LPs. We also require a set of ESG metrics that is relevant for our companies, while at the same time provide us with useful information to facilitate ESG improvements.

With these considerations in mind, in 2022 we became an official supporter of the ESG Data Convergence Initiative ("EDCI"), which establishes a standardized set of ESG metrics in the private equity industry. We collected ESG KPIs in line with the EDCI in 2021 and 2022. Going forward, we will target to report on a core set of ESG metrics across six categories, which include greenhouse gas emissions, renewable energy, board diversity, work-related injuries, net new hires, and employee engagement.

Based on the ESG data collected, we focused our engagement efforts on Diversity and Inclusion, Renewable Energy, and Employee Heath and Safety and are pleased to report the following improvements:

DIVERSITY AND INCLUSION

In 2022, we made significant progress and doubled the number of Fund V portfolio companies that have at least one female board member, from 31% in 2021 to 62% in 2022. We will continue to support women in the workplace at all levels of seniority. For more details, please see the Diversity and Inclusion section of this report.

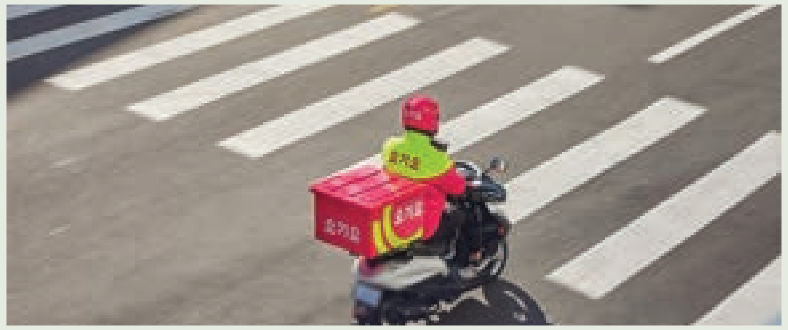
RENEWABLE ENERGY

In 2022, the number of Fund V portfolio companies which use renewable energy in their energy mix increased from 7% to 31%. While usage amounts are still small, we are encouraged by our portfolio companies' actions to switch to more sustainable sources of energy. We will continue to encourage portfolio companies to use more renewable energy in their energy mix to support the transition to a low carbon future.

EMPLOYEE HEALTH & SAFETY

Across our Fund V portfolio, we employ c. 92,760 workers. As a responsible investor, we require our companies to provide safe and healthy working environments for their employees. We are pleased to report that in 2022, among Fund V's 13 portfolio companies, 10 companies reported on their injury rates, of which 80% companies reported zero accidents. We are working closely with the other companies who reported injuries to reduce their number of workplace accidents.

YOGIYO:
Health and Safety in Food Delivery Operations



South Korean food delivery platform Yogiyo brings ease of food ordering for consumers, while boosting business for restaurants.

Through our portfolio engagement, the Yogiyo ESG team became aware of the more extreme weather conditions such as heavy rains, flood risks and extreme heat being consequences of the physical risks of climate change. As a result, the Yogiyo's ESG team rolled out driver safety training to help delivery riders conduct deliveries more safely whether in dry or wet weather. As riders had to forego work to attend the one-day safety training, the company provided a participation remuneration to compensate drivers for the day's work.

South Korea's summer weather can go up to peak temperatures of 36 to 38 degrees Celsius. In July 2022, the company launched its "2022 Summer Safety Campaign" for safe summer deliveries. Yogiyo provided supplies to delivery riders including bike cool seats, cool balaclavas, new helmets, elbow protection and reflectors, and industrial accident insurance to support a safe and healthy working environment.

SPOTLIGHT

ADVOCATING FOR BETTER ESG DATA IN PRIVATE MARKETS

In January 2023, Affinity participated as a panelist in the first EDCI Asia forum hosted by Boston Consulting Group ("BCG') and the Singapore Venture Capital and Private Equity Association ("SVCA").

As one of the first EDCI supporters in Asia, we shared our experience with an audience of over 80 private markets professionals on how EDCI ESG KPIs helped us generate insights for our companies, and discussed the challenges we had to overcome in data collection and ensure data consistency.

PORTFOLIO ENGAGEMENTS AND ESG CEO ROUNDTABLE

In September 2022, post the collection and analysis of our portfolio companies' data, we conducted one-on-one ESG engagements with our investments in Fund V, leveraging the ESG data collected to develop constructive conversations on ESG improvements. Our ESG team met in-person with several of our Korean portfolio companies to discuss ESG progress and brainstorm on future ESG initiatives.

This was followed by our annual ESG CEO Roundtable to reinforce our alignment with company management on ESG matters. Over 40 C-level executives from our portfolio companies and Affinity's senior investment professionals attended the ESG CEO Roundtable. This year's topic was "Net Zero Climate Transition in Korea", with external speakers and portfolio companies sharing their experiences on developing ESG and climate initiatives to address the business risks and opportunities.

"This type of forum is **very necessary** for us to take note of the **trends and requirements** on ESG."

- Chief Executive Officer, HDBank

"Thank you for preparing this conference, it gives me **access to global insights** that I previously did not have."

- Chief Strategy Officer, Burger King Korea

"Thank you for the discussions and food for thought on ESG, it's certainly **insightful**. We have started taking **further action on our ESG program** and hope to have more to share."

-SSG.com, Head of ESG

05

CLIMATE CHANGE APPROACH & TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURES

Our Commitment

Climate change will impact businesses through transition risks such as changes in regulations and social norms, and physical risks such as changes in extreme weather events. As a responsible investor, Affinity believes that businesses can reduce their exposure to these risks and explore opportunities to support the global transition towards a low carbon economy.

As part of our commitment towards climate change reduction, in 2022 we established our Paris-Aligned climate goals to lower our operational emissions and set net zero goals for our control investments. 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 control investments will set net zero targets by 2025 and new control investments will be expected to set net zero goals within two years. For our minority investments, we will implement a climate stewardship and engagement strategy that will guide the company towards a net zero transition.

As a supporter of the TCFD, we have structured our climate disclosure to cover the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

AFFINITY'S PARIS-ALIGNED CLIMATE GOALS

- **Reduce operational emissions by 50% by 2025, net zero by 2030**
- **Control investments to set net zero targets within two years of ownership**
- **Minority investments subject to a stewardship and engagement approach towards net zero**

Climate Governance

OUR GOVERNANCE SYSTEM TO MANAGE CLIMATE RELATED RISKS

Affinity's climate governance approach, which is supervised by our Founding Chairman and developed in line with the TCFD recommendations, is incorporated within our Responsible Investment Policy. Our Founding Chairman has oversight over our climate policy and his approval is sought for any changes. 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. The ESG and Sustainability team works closely with the investment teams to assess the climate risks and opportunities for each investment opportunity and conduct post investment monitoring and engagement with the portfolio company. Where needed, third party expertise is sought for specific climate initiatives.

CLIMATE ENGAGEMENT WITH PORTFOLIO COMPANIES

In October 2022, we held our second ESG CEO Roundtable with our portfolio companies in Seoul, Korea. The topic was on the Net Zero Climate Transition in Korea. We invited external speakers and portfolio companies to share their experiences on developing ESG and climate initiatives to address business risks and opportunities.

Please see page 15 for full case study of Affinity's 2022 ESG CEO Roundtable.

CLIMATE ENGAGEMENT WITHIN THE BROADER INDUSTRY

In November 2022, we participated in the AVCJ 8th Annual ESG Forum, where among other ESG topics, we shared our views on managing climate change transitional risks. We also shared our experience on navigating the complex reporting and disclosure requirements, managing transition risks within our portfolio, and integrating ESG within our investment decisions.

Further in 2022, we became a meber of the iCI. As a member of the iCI we will contribute towards iCI's objectives as below.

INITIATIVE CLIMAT INTERNATIONAL

The iCI brings together GPs, LPs and Funds of Funds, to secure sustainable investment performance by recognizing and incorporating the materiality of climate risk and reducing the carbon emissions of private market backed companies.

iCI objectives as stated in the Manifesto:

initiative climat international

Private equity action on climate change

- *We recognize that climate change will affect the global economy, which presents both risks and opportunities for investments.*
- *We will contribute to the objective of The Paris Agreement to limit global warming to well-below two degrees Celsius, and in pursuit of 1.5.*
- *We will engage with portfolio companies and seek to reduce their greenhouse gas emissions, contributing to an overall improvement in climate performance where relevant.*

Strategy

To understand the macro-view and impact of climate related risk and opportunities, together with our advisor Ernst and Young, we created a climate risk register and portfolio heatmap for Fund V. The risk register and heatmap was created by assessing the level of transition and physical risk exposure of each Fund V portfolio company. Low, medium, and high levels of risk is determined by the sector and geography in which the portfolio company operates in. A weightage is then applied to give us an overall risk rating for each portfolio company. This process provided us with insights into the risks and opportunities our Fund V portfolio companies are exposed to and has enabled us to mitigate their climate risks and look for opportunities for climate value creation. A summary of the top six climate risks and opportunities are detailed below.

THE TOP SIX CLIMATE RELATED RISKS & OPPORTUNITIES FOR FUND V

	RISKS		
	Transitions Risks		**Physical Risks**
RISKS	INCREASE IN REGULATIONS ON EXISTING PRODUCTS AND SERVICES	INCREASE IN PRICE OF GHG EMISSIONS / CARBON TAX	EXTREME WEATHER EVENTS
IMPACTS	Increased costs for companies to comply with regulations.	Increased costs for companies.	Effects on company operations, supply chain and ability to operate in more extreme weather conditions.
MANAGEMENT RESPONSE	Monitor the regulatory landscape and engage with portfolio companies regarding operational implications, associated costs and on making products and services more eco-friendly.	Direct engagements with portfolio companies to discuss their net-zero commitments and transition plans. Especially with companies with high energy needs.	Monitor changing weather patterns and review outcomes of heat waves, floods and storms to inform operations for our portfolio companies.

	OPPORTUNITIES		
OPPORTUNITIES	CHANGE IN CONSUMER PREFERENCES e.g. ServeOne Case Study (Pg 20)	USE OF NEW TECHNOLOGY	INCREASE IN DEMAND FOR RENEWABLE ENERGY e.g. Towngas Smart Energy Case Study (Pg 19)
IMPACTS	Increase sales of sustainable products.	Increased cost savings due to greater energy efficiencies.	Increase in renewable energy adoption. More companies with net zero pledges.
MANAGEMENT RESPONSE	Work closely with our portfolio companies to support the global transition towards a low carbon economy via new sustainable product offerings.	Maintain climate engagements with portfolio companies to discuss the feasibility of adopting green technologies for decarbonization.	Support transition to renewables through (i) encouraging portfolio companies to switch to renewables and (ii) investments in renewable energy e.g. Towngas Smart Energy Case Study (Pg 19)

DEEP DIVE CLIMATE SCENARIO ANALYSIS

As reported in our 2021/2022 Sustainability Report, we performed a climate scenario deep dive analysis on selected Fund V portfolio companies, chosen based on their inherent risk exposure and potential opportunity for value creation. We selected two climate pathways (Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 2.6, IPCC RCP 8.5, and the Network for Greening the Financial System (NGFS) Net Zero 2050 (1.5°C) scenario), over three time horizons (2025, 2030, 2050), to help us gain a better understanding of the companies' exposure to transitional 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 transitional risks. In 2022, we engaged with the portfolio companies to provide the findings from our deep dive scenario analysis. We continue to work with the companies to integrate these analyses into their sustainability roadmap.

CLIMATE RELATED INVESTMENT OPPORTUNITIES

We believe the strategic allocation of capital has an important role in promoting the climate transition. Our TCFD integration work helped us to identify where our portfolio companies have potential to benefit from the climate transition. The following examples illustrate how our companies are taking advantage of identified climate opportunities.

Climate Opportunity : Increase in Demand for Renewable Energy

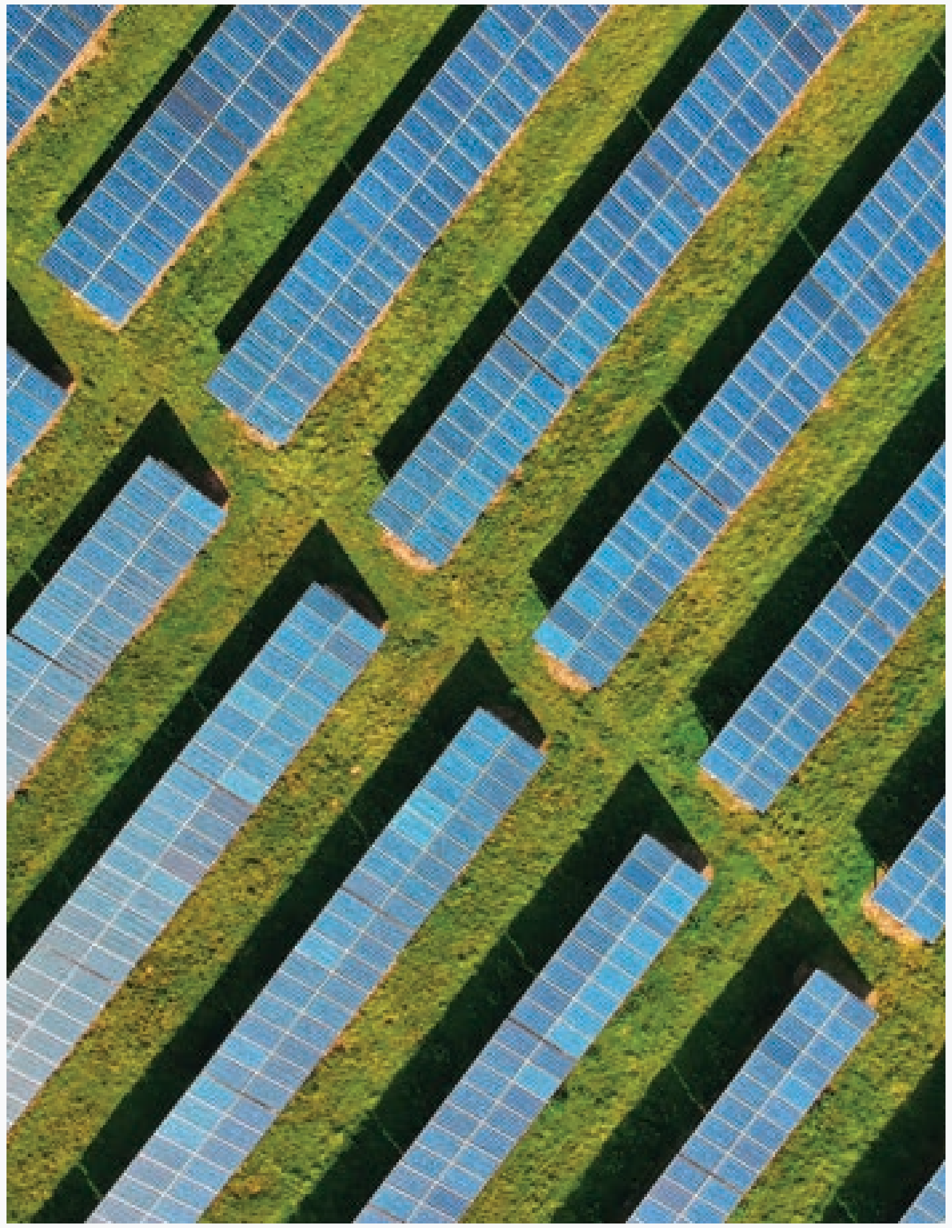
Towngas Smart Energy:
Sustainability Linked Financing Solutions for China's Net Zero 2060 Goals

In 2021, Affinity invested in Towngas Smart Energy ("Towngas") to support the company's transformation into an integrated energy provider and roll out smart energy solutions for its customers, in support of China's decarbonization goal. Towngas's strategy to establish zero carbon industrial parks through its distributed solar energy projects is key to supporting China's decarbonization goal. In 2022, the company set up a Sustainability Linked Financing Framework ("SLFF") to link its climate-related commitments to its financing, demonstrating its dedication to address the business risks and opportunities brought by climate change.

In April 2022, Towngas issued its first 5-year Sustainability Linked Bond under the SLFF, raising a total of US$ 200 million with a coupon rate of 4% p.a.. Two Sustainability Performance Targets ("SPTs") were set: The company aims to achieve (i) 8GW of total photovoltaic installed capacity and 7% of solar energy sales to total energy sales ratio by 2025; and (ii) 11GW of total photovoltaic installed capacity and 8% of solar energy sales to total energy sales ratio by 2028. If Towngas fails to meet its sustainability targets, an additional 0.25% interest will have to be paid. As of December 2022, Towngas has 1.37GW of installed photovoltaics, on target to reach 8GW by 2025.

In June 2023, Towngas successfully issued Panda bonds of RMB 1.5bn, including a portion of sustainability-linked Panda bond. The bond includes incentives for the company, such as lowered interest rates if certain preset sustainability objectives are met. The sustainability-linked Panda bond was oversubscribed by 1.6x according to news reporting, demonstrating the market's support for Towngas's sustainability objectives. It also marks the first sustainability-linked Panda bond issued by a HK company.

We see Sustainability Linked Financing as an important part of Towngas's strategy to enable the company to achieve its goals. We look forward to reporting on Towngas's progress over the coming years.

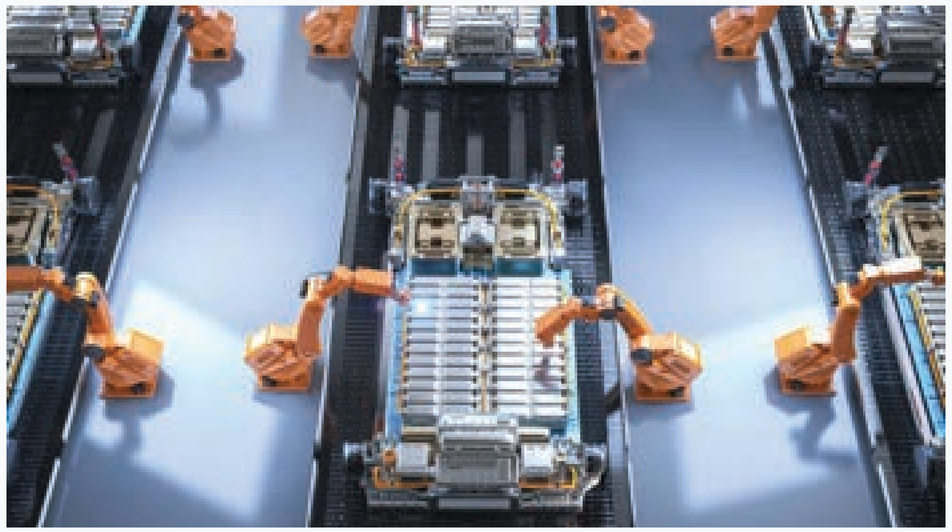


Climate Opportunity : Changing Consumer Preferences

ServeOne:
Low Carbon Supply Chain Solutions

ServeOne is the #1 MRO (Maintenance, Repair and Operation) business operator in Korea, China, and Vietnam. ServeOne is in a unique position to help its customers decarbonize their supply chain and reduce emissions. With that in mind, Affinity has worked in close partnership with management to develop the company's ESG strategy and roadmap. Below are the company's key strategic initiatives to support changing customer preferences for low carbon products:

EXTENDING THE USE OF MATERIALS IN SERVICING ELECTRIC VEHICLES ("EV")



With the move towards climate friendly electric vehicles ("EVs") globally, Affinity and ServeOne quickly identified EV batteries as a value creation opportunity and rapidly built capabilities to develop this new business line and tap into the industry's growth. In 2021, ServeOne created a specialized team dedicated to its MRO activities for battery manufacturers and EV refurbishment specialists. ServeOne supports the circular economy of EVs, through providing parts used in pallet, tray cleaning and repair solutions to extend replacement cycles of EV batteries.

For instance, traditional PET films used for conveyor belts in the manufacturing process of batteries are typically single use. As an alternative, ServeOne provides PET films which can be cleaned and reused in the manufacturing process to reduce waste. Through extending the life of materials used in servicing EVs, this reduces waste and Scope 3 emissions for battery manufacturers and EV refurbishment specialists. With one of the largest automobile player in South Korea as its key customer, ServeOne is well-positioned to serve the entire EV industry.

SUSTAINABLE PROCUREMENT

With the increasing pressure for more transparent supply chains and the growing interest in sustainable procurement practices, ServeOne launched an online mall specializing in products with eco-certifications for their customers in 2022. The majority of these products have sustainable certifications recognized by the Korean Ministry of Environment such as the Korean Ecolabel, and internationally recognized labels such as the Forest Stewardship Council. In 2022, ServeOne generated over US $ 4 million in revenue from their eco-conscious products and as of March 2023, there are over 6,000 products within this category.

SUSTAINABLE PACKAGING SOLUTIONS

A significant portion of ServeOne's revenue comes from packaging materials, making this a key focus area for value creation. To promote the adoption of eco-friendly packaging materials, in 2021 ServeOne launched a showroom dedicated to packaging solutions that reduces waste through recycling or sustainable materials. This showroom garnered interest from their clients for solutions to reduce excess packaging and save costs.

Risk Management

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

INTEGRATING CLIMATE CHANGE INTO THE INVESTMENT PROCESS

PRE-INVESTMENT

- Assess climate risks with in-house due diligence toolkit
- Determine if external advisors are needed to deep dive into risks and opportunities

POST-INVESTMENT

- Track Scope 1 and 2 emissions of Fund V portfolio companies
- Engage with portfolio companies for active decarbonization
- Continuous portfolio heatmap review

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.

POST-INVESTMENT

Climate related risks 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.

Metrics & Targets

OUR FINANCED EMISSIONS

We track and monitor Scope 1 and 2 emissions across our Fund V portfolio. For capacity building purposes, in 2021 we created a carbon footprint tool based on the GHG Protocol to enable our Fund V portfolio companies to calculate their carbon emissions. In 2022, we were able to collect Scope 1 and 2 emissions data for 100% of our Fund V portfolio companies. This reflects two years of carbon foot printing across our Fund V portfolio. Our direct approach allows us to build 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 2022, our Weighted Average Cost of Carbon ("WACI") of our Fund V portfolio is 9.52 tCO2e per million dollars revenue. This represents a 7.7% carbon efficiency improvement from 2021 to 2022 and reflects our portfolio companies' efforts to address their emissions.

	2021	2022	YoY%
WACI (tCO2e/US$ mn)	10.31	9.52	-7.7%

REFINING 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. Further, as our portfolio companies improved in their data collection accuracy, they restated their 2021 figures during the 2022/2023 data collection process.

As a result, our 2021 WACI figure has been restated from 17.4 tCO2e to 10.31 tCO2e per $M revenue. This allows for a like-for-like comparison to reflect the company's energy efficiency improvements by removing the impact of grid improvements.

M-DAQ: Pledging Net Zero by 2023

M-DAQ Pte Ltd ("M-DAQ") is a Singapore-headquartered fintech company operating across 8 countries to facilitate cross-border transactions for businesses and individuals. The company serves global e-commerce marketplaces, securities exchanges, financial technology companies, and corporates across 45 markets.

Since Affinity's investment in 2021, we have worked closely with Richard Koh, the Founder and Group CEO, on making a climate commitment to transition the company towards net zero. Our first few engagements session in 2021 were centered on equipping M-DAQ with the knowledge and tools to measure its Scope 1 and 2 GHG emissions. Into their second year of monitoring its GHG emissions, it became clear that as its operations had grown in size, so would its energy demands. In 2022, M-DAQ set up a Sustainability Task Force to develop and implement ESG initiatives. GHG reduction initiatives introduced include switching to LEDs, opting to use more environmentally friendly refrigerant gas in their air conditioning units, and the generation and use of renewable energy through solar panels.

In 2023, the company proudly unveiled its pledge to achieve net zero emissions by 2023. M-DAQ will generate renewable energy via solar panels on top of its own office buildings and purchase renewable energy and renewable energy certificates for solar power generated locally in Singapore. In addition, M-DAQ will reduce its overall energy demands by investing in energy efficient office equipment and implementing green office policies on electricity and water usage. Unavoidable emissions will be offset using carbon credits from reputable and verified sources.

> *"Renewable energy is the common denominator to solving various pressing challenges faced by the world today – from climate change to food supply. While we may not be a large carbon emitter, it is still a significant move for us to contribute to a sustainable future with our global presence in 8 countries. We also aim to set an example for our industry peers as it is crucial for us to move forward in the right direction towards addressing climate change together as an industry."*
>
> ***- Mr. Richard Koh, Founder and Group CEO of M-DAQ.***

M-DAQ is one example of how, as a responsible investor, Affinity is working with portfolio companies to deliver on its climate commitment through influencing control investments to set Paris-aligned net zero targets.

Our Operational Emissions

The main sources of our operation emissions come from company cars, energy consumption and business air travel. In 2022, we emitted 1,336 tCO2e of which 86% comes from business air travel. Due to COVID-19, our business travels were greatly reduced in 2021, and with the reopening of country borders in 2022 business travels progressively resumed in the second half of 2022. This in turn increased our overall operational emissions.

	2021 (tCO2e)*	2022 (tCO2e)
Scope 1: Company Cars	34	41
Scope 2: Office Electricity Use	145	152
Scope 3: Business Air Travel	130	1,143
Total Operational Emissions	**309**	**1,336**

**Note: Our 2021 operational emissions have been restated. The latest Grid Emission Factors were used to recalculate our Scope 2 emissions. Further, the formula used to calculate business air travel was adjusted resulting in a restatement of our Scope 3 emissions. For reference, in 2021, we reported Scope 2: 154 tCO2e, and Scope 3: 1422 tCO2e.*

We plan to reduce our operational emissions, by (i) replacing consumption with more sustainable options, (ii) reducing use of resources and (iii) offseting where needed. In 2022, we implemented a sustainable travel guideline across all offices to optimize business air travel. As for our company cars, we plan to make the switch to electric vehicles at the next replacement cycle. We are also exploring the use of renewable energy in our offices wherever possible.

06

DIVERSITY & INCLUSION

Fostering an Inclusive Culture in Affinity

At Affinity, we firmly believe that a diverse and inclusive workforce is key to our success. We endeavor to create a culture where we treat one another with mutual respect and embrace different points of view, leveraging on the diverse backgrounds and experience of our staff to arrive at better decision making.

Diversity and inclusion ("D&I") is championed at the highest level of Affinity, led by our Founding Chairman.

As part of our commitment to D&I, we will continue to develop and refine our policies firmwide on recruitment, professional development, compensation and promotions.

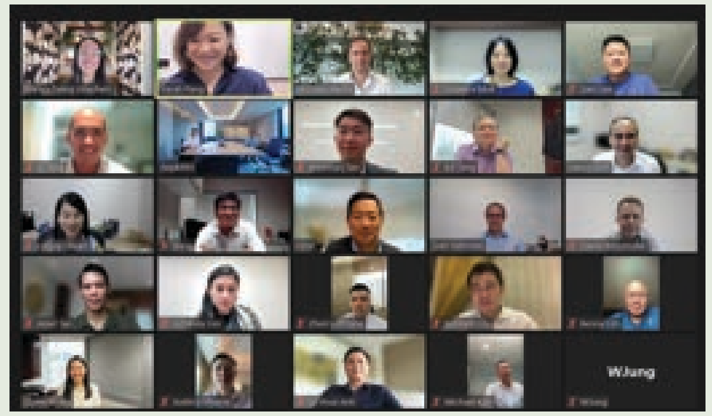
In November 2022, we held our second firmwide women's networking event. In this edition, we invited Amy Wan, Chief Executive Officer of Trimco, to share her professional journey with our female colleagues. During the fireside chat, Amy talked about her experience in navigating challenges and building resilience in the workplace.

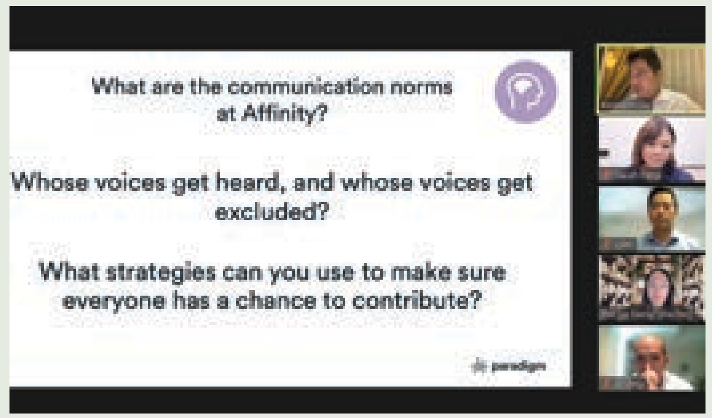
D&I with Our Stakeholders

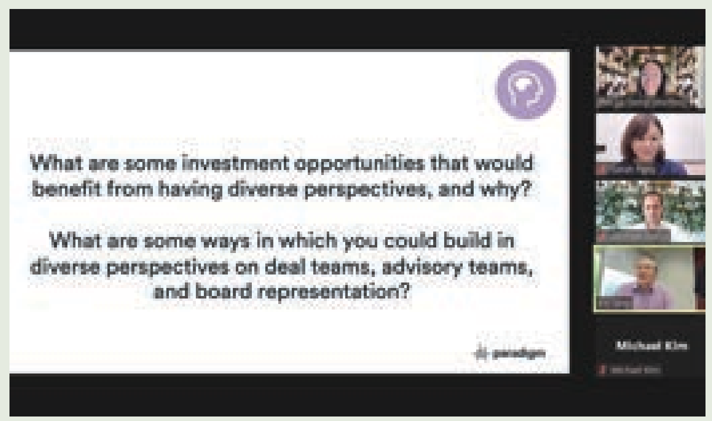
As part of our commitment towards creating more diverse boards, we have sought to appoint more female board members to our portfolio companies. In 2022, we made significant progress and doubled the number of Fund V portfolio companies that have at least one female board member from 31% in 2021 to 62% in 2022. We are proud of our new appointees and believe they will add valuable insight to the boards on which they serve.

At Affinity, we believe that collaboration with our industry stakeholders is key to advancing D&I in the private equity industry. We continue to be an avid supporter to the ILPA's Diversity in Action initiative, having been a signatory since January 2022, and also participated in the AVCJ D&I Forum in November 2022.

SPOTLIGHT







D&I TRAININGS TO BUILD AN INCLUSIVE TEAM

In July 2022, we held our first D&I training for the team leaders and managers in the Firm. Facilitated by an external trainer, the workshop focused on the topic of "Inclusion at Work: Managing Unconscious Bias". Affinity's team leaders and managers discussed the benefits of an inclusive culture, how unconscious bias affects individuals and teams within organizations, and actionable strategies for managing unconscious bias at work to build an inclusive and high performing team.

In February 2023, we organized a second D&I training, focusing on the roles of leaders in creating an inclusive team. Titled "Building Inclusive Teams", the workshop centered on the four pillars of fostering a strong and inclusive culture that will lead to positive outcomes:

- **Objectivity:** Making thoughtful, people-related decisions that will reduce the influence of unconscious bias and promote equitable outcomes
- **Belonging:** Creating a culture where everyone feels respected, valued and able to express themselves authentically
- **Voice:** Fostering a culture where people's ideas are heard and valued
- **Growth:** Fostering a growth mindset environment with a culture of learning and collaboration

No. of Fund V portfolio companies that have at least one female board member grew from **31%** in **2021** to **62%** in **2022**

07

STAKEHOLDER ENGAGEMENT

Our key stakeholders are the individuals or groups that are impacted by our operations and who in turn impact our organization. Through engaging our internal and external stakeholders, we believe we can better build alignment on ESG topics and contribute to uplifting ESG standards across the private equity industry in Asia.

Employees

TRAINING AND EQUIPPING FOR THE "SOCIAL" FACTOR OF ESG

Our people are core to our responsible investment strategy. Our investment professionals are kept updated on the latest trends and developments in ESG through training sessions, external conferences and resources that are made available internally.

In 2023, our focus is on equipping our investment professionals to better understand the "Social" factor of ESG. Our investment professionals attended a training session on Human Rights and Labor Management to (i) build their knowledge and understanding of human rights and supply chain management according to international frameworks such as the UNGPs, (ii) perform due diligence on potential investments with a human rights lens and (iii) work with portfolio companies to track human rights violations and provide access to remedy.

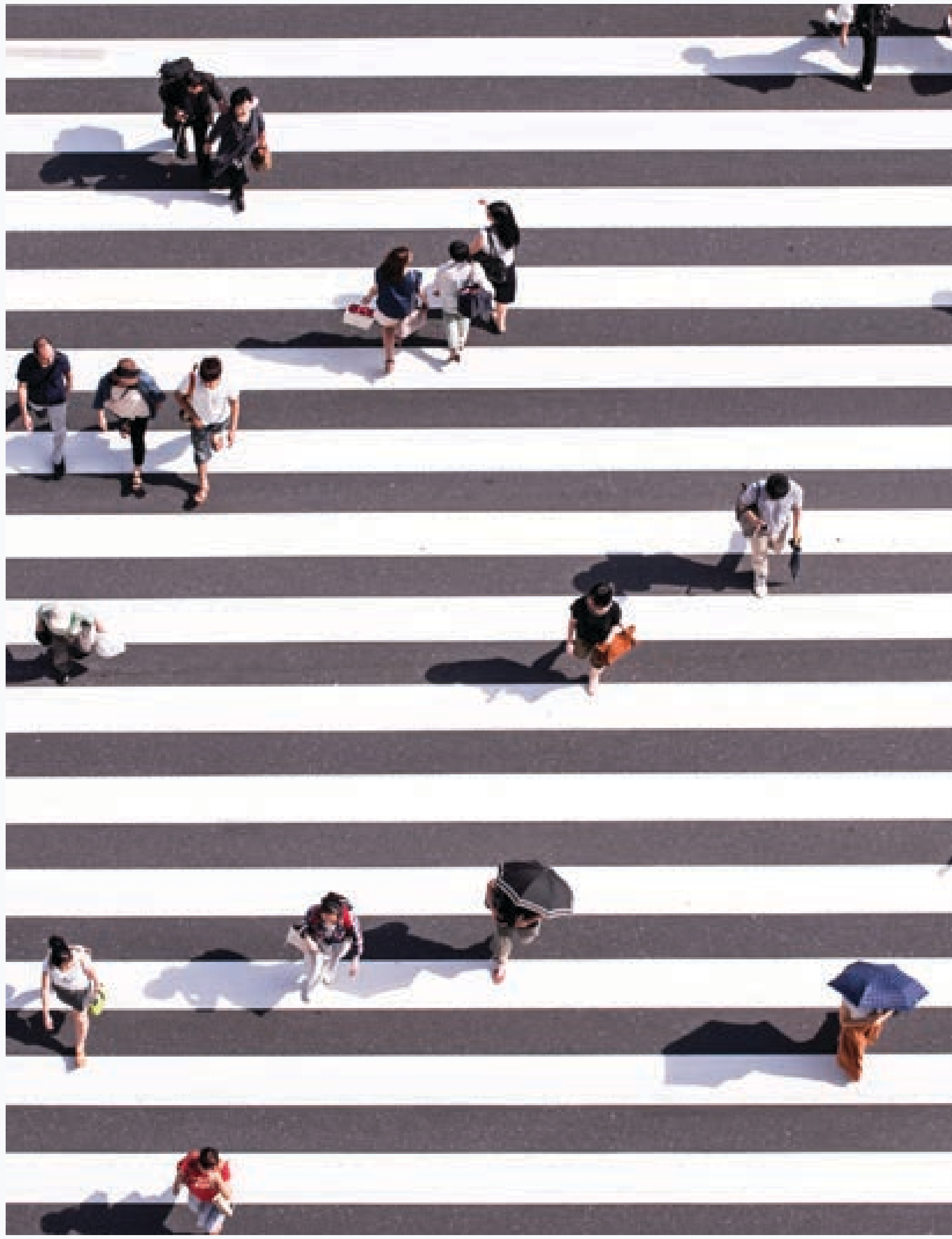
All Affinity staff attended training on Cybersecurity from KnowBe4. The security awareness training helps to prevent and manages the ongoing problem of social engineering. The training session provided real life scenarios to help staff members spot phishing emails and possible ransomware attacks.

Investors

UNDERSTANDING INVESTOR PRIORITIES

We regularly engage our investors on ESG matters to understand their key ESG concerns and how we can address them. If there are material ESG incidents that have occurred, Affinity will inform investors as soon as practicable.

In 2022, we engaged several of our investors on ESG through one-to-one engagements. Through the discussions we were able to better understand the types of ESG KPIs that are useful to our investors. This in turn helped us decide on aligning our ESG KPI collection to the ESG Data Convergence Initiative. On hearing our investors' concerns on climate change, we acted to announce our commitment toward climate change, as detailed in the climate section.



Industry

PEER LEARNING AND ENGAGEMENT

We regularly participate in industry events to both contribute and learn from the industry. Our Firm is a member of the HKVCA ESG Committee and the SVCA ESG Committee.

We had a busy and fruitful year in 2022, participating as a speaker at several ESG forums. Among other speaking engagements, we spoke at the HKVCA ESG PE Leadership Forum and the AVCJ ESG Conference on the Climate Change and Diversity and Inclusion panels. The panels were a good opportunity to learn from our peers and exchange best practices on climate, diversity and operational excellence.

SPOTLIGHT

ESG AWARDS IN RECOGNITION OF OUR WORK

As a testament to our ESG commitment, we are pleased to report that Affinity, together with Sido, was awarded the 2022 AVCJ Responsible Investment Award. Sido is an Indonesian traditional herbal medicine company. Since our investment in 2018, we partnered with Sido to formalize its ESG strategy.

This is the second Affinity portfolio company recognized for its ESG achievements. In 2021, we won the HKVCA ESG Award of Excellence for our work with Trimco.

Please see the ESG Strategy and Governance section for a full case study of our portfolio development work with Sido.

Community

OUR VOLUNTEERING ACTIVITIES

As a responsible corporate citizen, we encourage our offices to participate in volunteering activities. These activities not only encourage our employees to play an active role towards responsible corporate citizenship but are also good opportunities for teambuilding.

In 2023, our Hong Kong office partnered with Dignity Kitchen, a social enterprise that trains people from underprivileged backgrounds or with special needs, and distributes food to the community. Dignity Kitchen also helps with job placements in the Food and Beverage industry. The Hong Kong office worked alongside Dignity Kitchen to help pack, serve and distribute food to the community.

Our Singapore office organized a beach clean-up at Pasir Ris beach. Plastic waste not only pollutes the environment, but also harms marine wildlife. Our 22 volunteers, together with their families, spent an afternoon helping to clean up the beach while learning about the importance of biodiversity. A total of 130kg of waste was picked up from the beach and sorted into recyclables and non-recyclables and disposed of responsibly.

In August 2022, our Sydney office ran the City2Surf fun run, a 14km course from the Sydney CBD to Bondi Beach. The team raised funds for “Running for Premature Babies”, a foundation providing urgently needed neonatal equipment to hospitals around Australia to give premature babies a better chance of survival.

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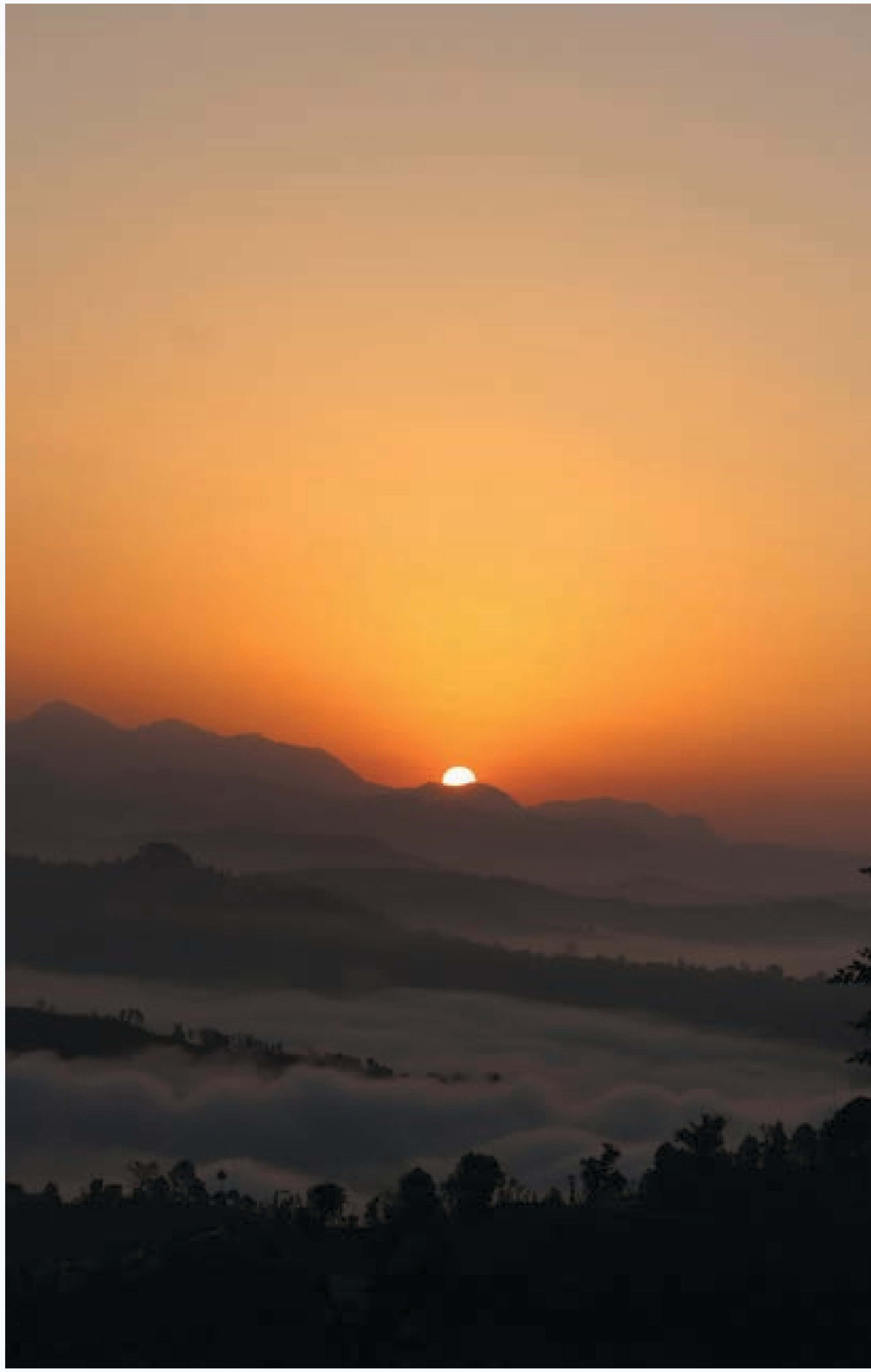

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