

Case Study for HKVCA ESG Award of Excellence 2023 – Micro Connect



Submitting member: ABCI Investment Management Limited, proprietary investment arm of the Agricultural Bank of China (ABC)

Investee company: Micro Connect (Invested in 2022, HQ in HK)

Background: Micro Connect is an exchange group that leverages financial technology to connect global capital with micro and small businesses. Through its innovative revenue sharing investment and financing model, stores in the Food & Beverage, Retail, Services, and Culture & Sports sectors can access affordable long-term capital on Micro Connect (Macao) Financial Assets Exchange (MCEX), the world's first licensed exchange for daily revenue shares. Micro Connect was founded by Charles Li, former CEO of HKEX, and Gary Zhang, founder of OP Investment.

ABCI participated in Series B funding round of Micro Connect in March 2022. The company has completed its Series C funding round in August 2023 with post money valuation of around USD 1.7bn.

Micro Connect's business model and its ESG impacts:

Micro Connect aims to achieve the following goals by 2030:

1. enable 1 million small businesses to achieve an annual profit of RMB 1 million
2. support 10 million workers in achieving an annual income of RMB 100,000
3. help 100 million people achieve their common prosperity aspirations

To achieve these goals, **Micro Connect has pioneered a new asset class, Daily Revenue Obligations (DROs)**, to address the product mismatch between small businesses and investors in the existing financial market. DRO is an equity-like form of financing. **It is risk-sharing capital that only takes a portion of revenue, and not fixed interest**, allowing entrepreneurs to retain a larger share of returns (vs. equity), and gain access of capital without burden of compulsory debt repayment or personal guarantee obligation.

In China or many developing countries, micro and small businesses are often denied access to capital, due to lack of reliable data or appropriate risk management infrastructure in place. **Micro Connect has overcome this through collection of granular, daily store-level data enabled by modern electronic payment infrastructure.**

Micro Connect's investments in stores in the grassroots economy deliver **3 positive impacts** including:

1. Improve the financial health of micro and small businesses
2. Create decent jobs and foster economic development
3. Promote equal opportunities and an equitable environment



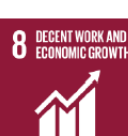


These impacts **directly contribute to five United Nation Sustainable Development Goals (UNSDG)** through the betterment of the Chinese society (Appendix A).

Micro Connect's business model has enabled it to accumulate vast amount of data to quantify its impact. As of September 2023, it has already deployed over RMB 2.5bn in over 9,000 stores across >500 brand partners, covering >250 cities in Mainland China. Micro Connect has supported 1200+ female store owners, while 40%+ of the investee's employees are female.

ABCI's contribution: ABCI, backed by its parent's global banking network, contributed to Micro Connect's effort in the following ways:

1. Being the **first state-owned financial institution to become a shareholder of Micro Connect**, ABCI has proactively explained its business model with ABC HQ, and promoted ABC to work with Micro Connect at various levels, including:
 - a. **ABC's Guangdong branch provides cross-border funding pool to remit foreign funds into and out of China** (approved by the People's Bank of China (PBoC)).
 - b. Introduced ABC's Shenzhen and Hainan branches to provide banking services to Micro Connect and its investee companies.
2. ABCI has **introduced potential investee companies** to Micro Connect through its global network, including one of the largest coffee chains in Southeast Asia.

Appendix A: How Micro Connect’s innovative model aligns with the UNSDGs

UNSDGs	Targets	Descriptions in Details
 <p>1 NO POVERTY</p>	End poverty in all its forms everywhere	<p>1.4 – By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land ...</p> <p>1.5 – Build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks ...</p>
 <p>5 GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls	<p>5.5 – Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life</p> <p>5.A – Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance ...</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote inclusive and sustainable economic growth, employment and decent work	<p>8.2 – Achieve higher levels of economic productivity through diversification, technological upgrading...</p> <p>8.3 – Promote development-oriented policies that support productive activities, decent job ...</p> <p>8.5 – Achieve full and productive employment and decent work for all women and men...</p> <p>8.6 – Substantially reduce the proportion of youth not in employment, education or training</p> <p>8.10 – Strengthen the capacity of domestic financial institutions to encourage and expand access...</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote sustainable industrialization and foster innovation	<p>9.3 – Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p>
 <p>10 REDUCED INEQUALITIES</p>	Reduce inequality within and among countries	<p>10.1 – Progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average.</p> <p>10.2 – Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>10.4 – Adopt policies, especially fiscal, wage and social protection policies, and progressively greater equality</p>

Appendix B: Micro Connect's investment examples

Creating Opportunities for the Underprivileged

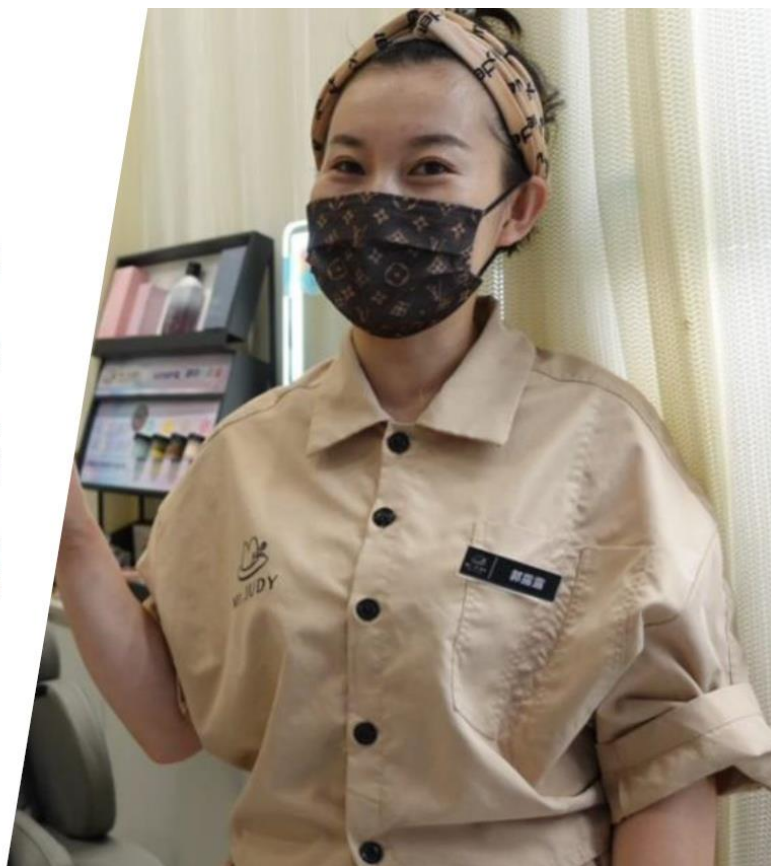
"Beauty in Silence"

Lulu may be a hairstylist with hearing impairment, but her smile and professionalism have made her the star hairstylist in her store, serving an average of 8+ customers a day.

It was incredibly discouraging for Lulu at the beginning. Unable to hear what her customers were saying, she had to rely on lip reading and her colleagues' help to do her job.

However, as she gained more experience, she also grew in confidence. Her attentive and high-quality service has attracted a batch of loyal customers, bringing her increased income.

Lulu's store was opened thanks to Micro Connect's investment and represents one of many stores through which Micro Connect has made a positive impact on the lives of many in China's vibrant consumer economy.



Empowering Grassroots Entrepreneurs

"From Factory Worker to Small Business Owner"

"I love my job" – Wang Rong, Goodliness (美好超市) store owner.

At 34, Rong opened her first convenience store, transforming her life from a factory worker working over 13 hours a day to an entrepreneur fulfilling her life aspirations. Micro Connect is proud to have provided the capital Wang Rong needed to achieve her goals.

At Micro Connect, we have a dream – to do good and do well at the same time. We wish to build a new financial market that will give China's micro and small businesses access to adequate and sustainable financing. Rong's experience is the perfect example of what our investments can do.



KoinWorks: Fostering Sustainability & Social Impact in Indonesia with Fintech

Established in 2016, KoinWorks revolutionized the financial landscape as one of Indonesia's inaugural P2P digital lending platforms, championed by dedicated investors. Its core vision: democratize financial opportunities, prioritize underserved MSMEs, and enable broad-based individual investment. Now, KoinWorks stands proud as Indonesia's premier Credit-led MSME neobank, assisting over 2.2 million individuals, who otherwise face prohibitive banking barriers.

In its pursuit of financial inclusivity, KoinWorks unveiled "KoinWorks NEO" in 2022. This innovative platform diverges from conventional lending, offering a holistic financial hub for MSMEs, particularly micro-enterprises. The service suite encompasses digital accounts, payment links, virtual cards, financial overviews, and productivity tools, positioning MSMEs for success in a digitized age. Significantly, the complementary "KoinLearn" platform, providing bite-sized educational content, advances gender equality in the business realm.

KoinWorks sets its sights on being Southeast Asia's pinnacle of responsible fintech, intertwining robust financial performance with impactful sustainability. ESG is intrinsic to its modus operandi, underpinned by its mantra of actualizing dreams, fostering opportunities, and surmounting challenges.

KoinWorks' ESG is categorized into distinct pillars:

Environment (GreenWorks):

Championing eco-conscious operations, KoinWorks harnesses its digital essence for minimized environmental impact. The organization's green initiatives encompass operations from certified buildings, collaborative waste management, and tree-planting drives to counter carbon emissions. Notably, their strides towards Fintech Net-0 and an exclusive carbon emission dashboard underline their environmental dedication.

Society (Social CommunityWorks & TrooperWorks):

With its societal pulse on MSME Inclusive Growth, KoinWorks has catapulted the growth of 840,000 MSMEs by 2022. Their endeavors have pumped USD 1.1 billion into the economy, enhancing businesses across 34 Indonesian provinces. The advent of KoinWorks NEO amplifies this, registering 56K daily transactions by year-end. Their measurable "CommunityWorks" strategies span from fostering digital financial literacy to streamlining product transparency, with recent surveys reflecting an 81% borrower satisfaction rate.

Their commitment to societal growth amidst the COVID-19 pandemic pivots on the belief, "We thrive when our MSME partners grow." This ethos attracts those intent on crafting a sustainable future, reflected in KoinWorks' commendable 33% female workforce.

Governance (GovernanceWorks):

KoinWorks enshrines exemplary corporate governance, undergirded by principles of transparency, ethical lending, and unwavering respect for human rights. Their portfolio notably earmarks 15% for high-impact sectors, underscoring their commitment to broader societal well-being.

KoinWorks' inaugural "Leveling up Beyond Finance" Impact Report crystallizes their ESG vision. Beyond mere financial metrics, it underscores their alignment with the UN's Sustainable Development Goals (1-5-8-9), highlighting the nexus between robust financial performance and sustainable, far-reaching impact.

In conclusion, KoinWorks' journey epitomizes the transformative potential of fintech in driving sustainable impact. Beyond mere financial services, they're engraving a legacy of empowering MSMEs, fostering skill development, and expanding horizons. Their strides in Indonesia are noteworthy, but the voyage of amplifying impact, inclusivity, and innovation has only just commenced.

As a fintech company, KoinWorks' core impact contributes to the social pillars. Given the digital nature of the industry, KoinWorks has the potential to thrive financially while doing "good" for society and the planet. A series of digital ESG initiatives demonstrates KoinWorks' dedication to contributing to the sustainable growth of MSMEs.

(1) Access to a full suite of MSME services: launch of credit-led neobank

The neobank offers a comprehensive suite of services, including digital accounts, payment links, virtual cards, financial statements, and productivity tools tailored for MSMEs in Indonesia. Since mid-2022, 106k micro-enterprises have become part of the KoinWorks digital ecosystem, with 30k users transacting daily.

(2) KoinWorks University

KoinWorks University provides a free series of online webinars and WhatsApp classes featuring business thought leaders. These resources aim to support MSMEs in their growth and development after obtaining loans from KoinWorks.

(3) KoinLearn: a free financial learning content channel

In August 2022, reinforcing its commitment to boosting digital and financial literacy, KoinWorks introduced KoinLearn. This free, bite-sized MSME learning platform serves to upskill entrepreneurs. To date, 103k users have accessed this trove of financial and business knowledge without charge, and 1,090k social media users have engaged with the educational content. Independent research from December 2022 indicates that MSMEs affiliated with KoinWorks possess a markedly higher level of literacy confidence compared to those unassociated with KoinWorks.

(4) KoinWorks productivity tools: business calculator

KoinWorks unveiled a business calculator designed to help MSMEs gain insights into their business conditions, offering actionable financial management recommendations. So far, 165k MSMEs have utilized this tool, enhancing their understanding of efficient fund management.

(5) Sales generation: #LokalSupportLokal initiatives

During the COVID-19 pandemic, KoinWorks championed the #LokalSupportLokal social movement, encouraging the broader community to support MSMEs by promoting and purchasing their products through social media and KoinWorks' microsite. Consequently, over 1780 MSMEs garnered fresh exposure, reaching an audience of 36+ thousand potential customers.

(6) Diversity & inclusion: KoinRobo - women-led enterprise

Reflecting KoinWorks' commitment to advancing women's economic empowerment and financial growth, they incorporated a 'women-led enterprise' category within their KoinRobo product. Since 2019, the number of women-led enterprises in KoinWorks' portfolio has more than doubled, with female borrowers now accounting for 37% of the total.

KoinWorks is backed by AC Ventures (ACV), a leading Southeast Asian venture capital firm investing in early-stage startups focused on Indonesia and ASEAN. The firm's mission is to partner with and empower entrepreneurs with more than capital. ACV combines operational experience, industry knowledge, deep local networks, and resources to create value for startups. It is a generational partner to founders driving positive societal change and economic impact in Indonesia and beyond. The firm is an official signatory of the UN's Women's Empowerment Principles, IFC's Invest2Equal program, and the UN's Principles for Responsible Investing. Within the firm, 50% of its senior leadership roles are occupied by women. Across the portfolio, this figure comes in at 41%.

ACV currently has over US\$500 million in assets under management, invested across five funds. Since 2012, the firm's partners have invested in more than 120 technology companies in the region, including some of the most iconic names in the ASEAN digital ecosystem. ACV's Partners Adrian Li, Michael Soerijadji, Helen Wong, and Pandu Sjahrir lead a team of over 35 professionals with offices in Jakarta and Singapore.

HKVCA ESG AWARD OF EXCELLENCE 2023 – HALO CREATIVE & DESIGN

Background

Business Overview	<ul style="list-style-type: none">Established in 1976, Halo Creative & Design (Halo), is a world leader and innovator in the design, production and distribution of luxury furniture and lifestyle.Headquartered in Hong Kong, Halo is a trusted partner to the world's leading home and interior retailers across 45 countries.
Investment	<ul style="list-style-type: none">In the second half of 2021, ADM Capital funded Halo Creative & Design (Halo) to enhance its innovation and manufacturing capability, alongside strategic investments that align with the Timothy Oulton brand and values.

3-Step Approach to ESG Improvements

ADM Capital has developed three essential tools to manage ESG risks closely and drive sustainability improvements in Halo:




1. Environmental Social Action Plan Conducted Environmental & Social Due Diligence review against IFC Performance Standards and international best practices to develop a time-bound Environmental Social Action Plan embedded in loan covenants .	2. ESG KPIs Engaged closely with Halo to build internal capacity and implement various ESG initiatives. Progress is monitored semi-annually through ESG KPIs .	3. Sustainability Targets Pushed Halo to adopt industry best practice – obtained a GOLD rating from the Leather Working Group , the world's leading standard on responsible and transparent leather production.
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“ ADM Capital's guidance has been instrumental in implementing our ESG program, giving us the catalyst to grow our business in a more accountable, sustainable way. The partnership with ADM Capital, together with their expertise, acted as a catalyst to enable us to build a solid, cohesive ESG strategy. ”

– Halo Creative & Design

Driving Positive Change in Halo's Sustainability Journey

DEVELOPED APPROACH TO SUSTAINABILITY		EMPOWERED EMPLOYEES	
Established Sustainability Governance <ul style="list-style-type: none">Hired dedicated ESG headcount with direct reporting lines to senior managementEstablished a sustainability committee to further drive sustainability practices across the companyEngaged external experts to provide firm-wide training	Environmental & Social Management System <ul style="list-style-type: none">Developed Environmental & Social Management System to provide a structured approach to manage ESG risksEngaged external ESG consultants to review and improve processDeveloped set of policies and procedures to better integrate sustainability strategy into business operations <div>Examples of Sustainability Policies & Procedures<ul style="list-style-type: none">E&S PolicySustainable ProcurementWaste ManagementEnergy ManagementGrievance MechanismAnti-HarassmentCode of ConductStakeholder Engagement</div>	Promoting Diversity & Inclusion <ul style="list-style-type: none">Support employees with families through providing necessary workplace facilities and financial supportFocus in 2023 to remove obstacles/ unconscious bias preventing women progressing to senior management <div>A truly diverse team with >21 Nationalities</div> <div>♀ 55% females across workforce*</div>	Safeguarding Safety <ul style="list-style-type: none">Developed Code of Conduct to ensure compliance with relevant health and safety lawsDelivered health and safety trainings and awareness campaigns <div>0 high-consequence work-related injuries*</div> <div>↓ 75% recorded incidents***</div>

MINIMIZED ENVIRONMENTAL IMPACT		REIMAGINED PRODUCTS	
Reduced Carbon Footprint <ul style="list-style-type: none">Set carbon emissions baseline through ADM Capital's carbon calculator, establishing a benchmark for setting Paris-aligned targets100% Renewable Energy for the Brazil manufacturing plant100% solar energy powering the Mexico workshop <div>100% electricity from renewable sources (Brazil)* Avoided 111 tCO2e GHG emissions \approx 3,072 trees planted</div> <div>100% solar energy powered Mexico workshop**</div>	Promoted Circularity <p>Strengthening wastewater recycling practices in tannery, reducing freshwater use by 80%.</p> <div>70% Wastewater Recycled</div> <div>Developed Target By 2025, all external packaging will be 100% recyclable or made from ecofriendly materials</div> <div>To meet this target<ul style="list-style-type: none">Packaging is designed to minimize the volume of packaging requiredIncrease the adoption of recyclable and biodegradable packaging<div>91.2% Recyclable Packaging Materials*</div></div>	Transitioned to Sustainable Materials <div><div>Sustainably Produced Leather<ul style="list-style-type: none">Waste coffee cherry husks are recycled for tanning, while also providing secondary income for farmersTanning agents are extracted from eucalyptus leaves discarded by the paper industry</div><div>Reclaimed Timber<ul style="list-style-type: none">Timber from decommissioned fishing junks and wooden structures are repurposed as table bases, dining tables, etc.</div><div>Veg-Dyed Linen<ul style="list-style-type: none">A range of 100% natural, vegetable dyed linens to reduce chemical pollution</div><div>Alternative to Cotton<ul style="list-style-type: none">Developing new ranges of products using hemp as a more sustainable alternative to cotton</div></div>	  

Achieved Internationally Acclaimed Standards

As part of ADM Capital's sustainability target for Halo, the tannery in Brazil was awarded **Gold Rating** from *Leather Working Group*, achieving the highest possible standard in environmental and social practices.

Compared to regular tanneries

*In 2022 ** In 2023 *** In 2H 2022 as compared to 1H 2022

HKVCA ESG Award of Excellence 2023 – Elise Fashion ELISE

- Elise Fashion Limited Company (“Elise” or “the Company”) is the No.1 women’s fashion apparel company in Vietnam. The Company operates with a vertically integrated business model where it owns the brand, designs its products, operates in-house factories and sells products through its over 127 directly operated stores that cover the whole of Vietnam.

Basic Information

- Foundation** • 2011 in Hanoi, Vietnam
- Business Introduction**
 - Serves mid-upper income Vietnamese women aged 25-45 with affordable luxury products of top-tier EU and Japanese quality standards
 - Boasts a robust online presence spanning various e-commerce platforms, including its own website, mobile App, Facebook, TikTok, livestreaming, online marketplaces and other online channels
 - Offers a wide range of products, including 1,500 garment SKUs yearly, plus shoes, bags, and accessories for a complete customers’ wardrobe
 - Specializes in supplying uniforms, especially to the banking sector in Vietnam
- Investment**
 - In 2018, Advantage Partners acquired Elise, propelling it to new heights.
 - In 2022, Elise won the Retail Asia Award for Apparel Retailer of the Year.



Key ESG Initiatives

- As a leader in female fashion, Elise is committed to advancing gender equality, poverty reduction and sustainability in Vietnam. Its ESG initiatives are purposefully designed to empower and uplift Vietnamese women, equipping them with the tools to thrive and flourish.

Empowering Women Through Sewing Schools

- Elise has established sewing schools in Yen Bai province, a region characterized by low-income levels due to its mountainous terrain. These schools provide essential sewing skills training to marginalized ethnic women in local villages, with the goal of enhancing their employability in local garment factories or at Elise’s factories
- The first school commenced operations in March 2023, graduating 30 students in May. Subsequently, the second school, consisting of 30 students, was initiated in June and successfully concluded in September.
- A follow-up survey of the first 30 graduates found that 21 of them have already secured employment opportunities with local garment companies. Interviews of sewing school students can be viewed on Elise Facebook at <https://www.facebook.com/elisevietnam/videos/161203893597631> (the 1st school) <https://www.facebook.com/elisevietnam/videos/732572245373684> (the 2nd school)
- Elise will sustain this initiative by inaugurating 3-4 schools annually



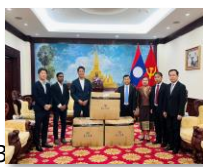
Fostering Gender Equity at Work

- Elise is dedicated to fostering gender equality in the workplace.
 - As of October 2023, the breakdown of female headcounts in Elise's showroom and factories stands at 97.6% and 83.3%, respectively
 - Within the headquarters, women hold 55.6% of senior managerial positions, and they occupy 33.3% of the board seats
- We offer comprehensive support for pregnant women, including 6 months of maternity leave, 2 months and 10 days of early and post-maternity leave (upon request), and 1-hour daily child-care leave until the child turns 12 months old, all counted towards seniority
- Elise hosts grand events to celebrate Vietnam's local Women's Day and International Women's Day, honoring and appreciating our female staff.



Humanitarian Clothing Donations to Laos

- Elise has extended its support to women group in the neighboring country of Laos by donating clothing to women and children in rural areas through the Embassy of Laos
 - The first donation, totaling over 9,000 pieces of clothing valued at USD 327,000, was made in December 2020
 - A second batch of over 5,200 clothing pieces was donated in August 2023

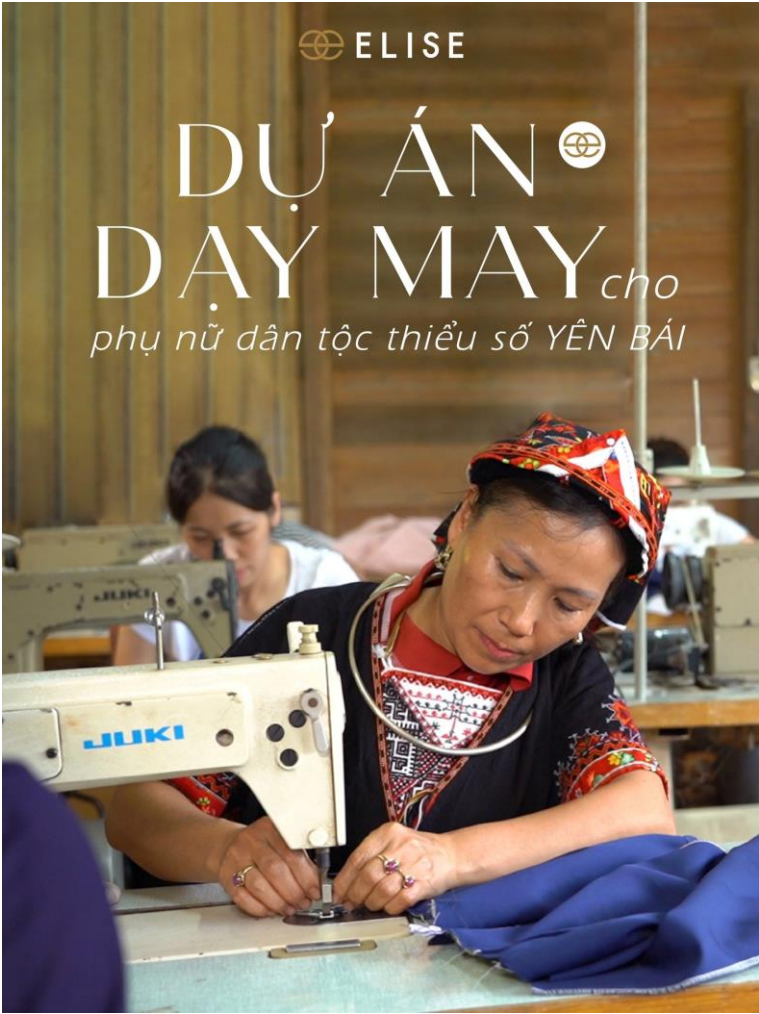


Green Transition for Emission Reduction

- Elise transitioned from a coal steam boiler to an electric boiler in 2023 Q1 to achieve emission reduction
 - Emissions decreased by 29%, from 2,419 tCO2-e in Q1 2022 to 1,712 tCO2-e in Q1 2023
 - Emission intensity dropped by 31%, declining from 294.3 tCO2-e/US\$M in Q1 2022 to 201.9 tCO2-e/US\$M in Q1 2023



Appendix: Images from the First Elise Sewing School



Appendix: Images from the Second Elise Sewing School



ServeOne: Building Sustainable Supply Chains in the Industrial Sector

ServeOne's vision is to empower sustainable ecosystem transformation in Asia, by (i) reducing emissions in clients' supply chains and (ii) influencing businesses to buy more sustainable products.

ServeOne (the "Company") is Korea's largest B2B purchase outsourcing service provider with 40% market share. In 2022, the Company serves 1,300 corporate clients, partnering with 29,000 suppliers and generating annual sales of over US\$4 billion (KRW 5.4 trillion)¹. In 2019, Affinity acquired a 60.1% majority stake in the Company. During due diligence, Affinity identified four sustainable value creation initiatives for the business:

1) Reducing Emissions in the EV Battery Supply Chain and Climate Commitment to Net Zero 2050

Electric vehicles ("EVs") are a sustainable transportation solution. However, EV battery manufacturing is the most carbon intensive part of EV production. ServeOne reduces the overall carbon footprint of EV production, by providing procurement and refurbishing services for EV battery parts, pallet, and tray cleaning. Annually, ServeOne has reduced ABS resin usage by 944 tons (c. 2,926 tCO₂e reduction)² and reduced corrugated cardboard by 360 tons (c. 338 tCO₂e reduction)³. This emissions reduction has given ServeOne a clear competitive advantage: the Company's EV credentials enabled it to win a contract with Ultium Cells, an EV battery production joint venture between General Motors and LG Energy Solution, to produce batteries for General Motors' fleet. The EV servicing business did not exist in ServeOne prior to Affinity's acquisition; in 2022, this business line generated revenue of US\$440 million (KRW 590 billion), accounting for 11% of ServeOne's total sales.

Affinity also completed LED lighting retrofits in ServeOne's distribution centers and corporate offices, saving 300,000 kWh of electricity per year (c. 130 tCO₂e). Affinity's climate commitment has influenced ServeOne to commit to Net Zero 2050. After engaging with Affinity, ServeOne sees the importance of "walking the talk" on climate and is developing its decarbonization plan and setting its Paris Aligned interim targets. It has announced its Net Zero commitment to its employees, and a public announcement is planned in December 2023 together with the publication of their Sustainability Report. Affinity's active engagement with ServeOne illustrates how private equity investors can influence businesses in the climate transition.

2) Promoting Eco-Friendly Products, and Providing Market Access for Small Businesses

ServeOne encourages customers to switch to eco-friendly products through its supply chain expertise. In 2022, Affinity helped ServeOne launch the "Eco-Friendly Mall" website, recommending products with sustainable certifications by the Korean Ministry of Environment. This generated over US\$ 3.7 million (KRW 5 billion) in sales in 2022; as of August 2023, 10,500 SKUs are on the Eco-Friendly Mall microsite. Separately, ServeOne provides sustainable packaging solutions through its "Packaging Quality Lab", which uses 3D modelling software to analyze the products – in one example, the Lab reduced logistics cost by 20%. In 1H 2023, the Lab generated US\$12.8 million (KRW 17.2 billion) revenue.

ServeOne also enables small businesses to expand market access. In December 2022, ServeOne signed a partnership agreement with Gyeonggi Market Revitalization Agency to support small business owners in expanding their distribution channels. In 1H 2023, ServeOne onboarded 305 small businesses, helping them generate an additional US\$2.3 million (KRW 3.1 billion) revenue.

3) Supporting Industrial Health and Safety

ServeOne uses AI and data analytics to provide industrial safety product recommendations, in line with Affinity's digitalization efforts for all its portfolio companies. ServeOne's online store for safety products, such as helmets and protective clothing, is linked to the Safety and Health Management system of the Korean Occupational Health and Safety Agency; the store recommends new regulator-approved options based on existing customer data. This business line generated US\$89 million (KRW 119.1 billion) in sales in 2022. ServeOne treats the health and safety of its own employees with utmost importance and has had zero industrial accidents in 2021 and 2022.

4) Diverse and Inclusive Workplace Culture

Nurturing an environment of inclusivity and innovation has been pivotal to ServeOne's success. Previously, ServeOne had a hierarchical corporate culture. Since Affinity selected Dennis Kim as CEO in 2020, he has demonstrated cultural leadership by working in an open space and hosting frequent impromptu team lunches to build open communication lines. In support of diversity and inclusion, ServeOne appointed a female member to their board and C-suite in 2023, signalling a commitment to promoting women into senior leadership positions within Korea's traditionally male dominated business environment.

Conclusion: ServeOne uses its unique position in the supply chain to empower sustainable industrial transformation. Since Affinity's investment, US\$548 million (KRW 743 billion) of its 2022 revenue is derived from new sustainable industrial solutions. ServeOne's ESG journey demonstrates the significant role PE firms can play in shaping ESG related value creation plans.

1. Exchange rate of KRW 1340 = USD \$1 is used for all currency conversions.
 2. Plastics Europe Global Warming Potential ("GWP") of ABS plastic: 3.1kg CO₂e/kg
 3. Consumer Ecology GWP of cardboard box: 0.94 kg CO₂e/kg

Appendix

Examples of ServeOne's ESG Value Creation Initiatives and Outcomes

<p>Partnership with Ultium Cells</p> <p>In 2022, ServeOne won a contract with Ultium Cells to support EV battery production through its procurement and refurbishment services.</p> <p>The EV servicing business did not exist in ServeOne prior to Affinity's acquisition; in 2022, this business line generated revenue of US\$440 million (KRW 590 billion), accounting for 11% of ServeOne's total sales.</p>	
<p>Energy Efficient Distribution Hubs</p> <p>In 2021, ServeOne carried out LED lighting retrofits in seven locations saving 300,000 kWh of electricity per year (130 tCO2e).</p>	
<p>Net Zero Pledge</p> <p>In Q3 2023, ServeOne pledged to be Net Zero in its operations by 2050 for its Scope 1 and 2 emissions.</p> <p>As part of its decarbonization plan, ServeOne intends to (1) Switch to Renewable Energy 2) Drive energy efficiency, (3) Switch to EVs.</p> <p>The picture on the right shows an extract from ServeOne's internal website.</p>	

Health and Safety

ServeOne participated in the 2023 Korea International Health and Safety Exhibition.

Using data analytics, the online store recommends new regulator-approved options based on existing customer data.



Enabling Broader Market Access

ServeOne believes in expanding supplier partnerships to support small business owners.

In December 2022, ServeOne signed a partnership agreement with Gyeonggi Market Revitalization Agency to support 305 small business owners in Gyeonggi-do to expand their distribution channels.



Diversity and Inclusion

Developing a culture of openness and inclusivity has been pivotal to ServeOne's success.

In 2023, ServeOne appointed its first female member to their board and C-suite.



Building an inclusive workforce at ServeOne

HKVCA ESG Award of Excellence 2023 – EcoCeres

Joint submission by Bain Capital and Kerogen

EcoCeres Inc. (“EcoCeres”, or “Company”) is an Asia-based innovative bio-refinery company capable of producing a diverse range of renewable biofuels, covering Sustainable Aviation Fuel (SAF), Hydro-treated Vegetable Oil (HVO) and Cellulosic Ethanol.

On December 23, 2022, Bain Capital completed a significant [equity investment](#) of ~US\$700 million in EcoCeres, marking the largest private equity investment in Greater China in 2H 2022, according to DealReport. The transaction followed the US\$108 million Series A investment in EcoCeres from Kerogen Capital (“Kerogen”) in February 2022. **Bain Capital and Kerogen’s investments in the Company furthered EcoCeres’ efforts in driving the energy and material transitions towards carbon neutrality as the Company continued to develop new technologies and expand capacities to serve a growing global clientele.**

Strategic investment for faster growth and better position to conquer climate change. A portion of our investment was channeled into further developing EcoCeres’ proprietary technologies. In a landmark achievement, EcoCeres made its [inaugural shipment of cellulosic ethanol](#), derived entirely from agricultural waste to European markets in May 2023. This 850-tonne shipment, primarily produced from corn cobs, cuts greenhouse gas emissions by over 80% compared to conventional fossil fuels. This accomplishment cements EcoCeres’ status as one of the select few companies worldwide capable of producing cellulosic ethanol on an industrial scale.

Beside technology enhancement, a significant portion of our growth capital was allocated to construct a state-of-the-art production facility in [Johor, Malaysia valued at over RM1 billion \(US\\$220 million\)](#). This facility aims to at least double the Company’s total production capabilities. With an annual capacity goal of 350,000 tonnes for HVO and SAF, we project an additional reduction of over 700,000 tonnes in annual greenhouse gas emissions by 2025, equivalent to taking over 150,000 gasoline-powered cars off the road every year¹.

Programs and initiatives after investment:

Active governance and stewardship: We supported EcoCeres’ development of a comprehensive Sustainability Policy encompassing seven core pillars: environmental, sustainable supply chain, responsible business, people, society, code of conduct, and governance. The newly established Sustainability Steering Committee that reports to the Board of Directors leads this new initiative. Concurrently, we outlined precise ESG Key Performance Indicators (KPIs) for the senior management team, directly aligning these metrics within their compensation structures.

Safe workplace and well-being: EcoCeres has built up a center of excellence to manage the Health, Safety and Environment (HSE) issues for ensuring a safe and healthy workplace. During the first half of 2023, EcoCeres provided employee health and safety training and reported zero health and safety-related incidents.

Climate commitment: EcoCeres recognizes the impact of climate change to the future of our habitat and commits to make contribution to decarbonize the world by leveraging its proprietary technologies. Significant progress has been made to date, including GHG (Scope 1, 2 and 3) measurement, GHG

¹ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

reduction target setting, as well as climate related risks and opportunities assessment. EcoCeres also launched the “Golden Factory” initiative to establish a top standard among our peers by enhancing energy efficiency and waste management within EcoCeres’ facilities and throughout the entire value chain.

About EcoCeres:

EcoCeres is an innovative biomass utilization company with strong R&D capability and excellent ESG performance. EcoCeres is at the forefront of pioneering a sustainable bio-refinery model that supports a greener and more sustainable future. EcoCeres focuses on two core business pillars: bio-grease utilization and agricultural waste utilization. The Company is committed to developing innovative solutions to address global environmental challenges by transforming 100% biomass waste into valuable green energy and materials, such as biofuels and biopolymers.

HKVCA ESG Award of Excellence 2023



Investor	Portfolio Company	Geography	Sector	Date of Investment	Type of Investment
BPEA Fund VIII	Sagility	India	Technology Services	January 2022	Buyout

Company Background

- Sagility is a global leader in outsourced healthcare business process management, focused on the US payor (insurance) market
- Leveraging tech-powered services and decades of expertise, the company provides end-to-end back-office and front-end processing covering the entire customer lifecycle
- Sagility employs ~25,000 people across 34 facilities in India, the Philippines, Jamaica, and the US

Sagility's ESG Journey

- While Sagility's core mission revolves around transformative healthcare solutions for patients and society, it previously focused on governance aspects and lacked an internal sustainability strategy
- BPEA EQT has used its OGSM¹ framework to strengthen Sagility's global ESG position:

Institutionalizing Sagility's Sustainability Governance	<ul style="list-style-type: none"> • Implemented a structured sustainability governance framework with working groups/regional leads • Established a sustainability committee including the Board Chair and CEO to accelerate strategic discussions and ensure management oversight and involvement
Setting ambitious climate emissions targets	<ul style="list-style-type: none"> • Calculated baseline emissions for Scope 1, 2, and 3 across all regions • Completed audits of GHG emissions and energy, introduced a standardized measurement approach, and is progressing toward a digital emission data platform • Working on SBT² goals, SBT initiative commitment plan and decarbonization plan • Submitted climate impact data to the Carbon Disclosure Project
Improving diversity to create high-performing teams	<ul style="list-style-type: none"> • She's Back Program: Internal and external media campaigns aimed at empowering women who are on career breaks or maternity leave to rejoin the workforce • Global Disability Inclusion Training: Implemented to help recruiters better serve candidates with disabilities • LGBTQ+ internship program: designed to increase LGBTQ+ representation • S.H.E Leads: A skill and leadership development program for women to ultimately increase female representation in mid-management roles by 5-10% in 2024 • Thought leadership on attrition and DEI: Employing data mining and analytics to explore the connection between attrition drivers, talent retention, and DEI
Reinforcing a culture of strong governance	<ul style="list-style-type: none"> • Geography-level oversight and monitoring committee: Oversees process and contractual obligation alignment; ensures compliance with national and international laws in service delivery activities • Created more than 11 governance policies, including whistleblower, human rights, supplier conduct, environmental practices, and employee health and safety
Recognizing Sagility's progress	<ul style="list-style-type: none"> • In 2023, Sagility has received seven awards, including: <ul style="list-style-type: none"> • 'Newcomer CSR Award' from the National Awards of Excellence in CSR and Sustainability • CSR Project of the Year award for its dedication to DEI initiatives, particularly its partnership with the Solidarity Foundation for Project Svastha, promoting LGBTQIA+ community wellness • "Sustainable Initiative of the year 2023" at the 2nd Edition Sustainability Summit and Awards 2023 hosted by UBS Forums

¹ OGSM: Objective, Goal, Strategy and Measurement

² SBT: Science Based Target





Company Background

JS Global Lifestyle Company Limited (“JS Global” or the “Company”) is a global leader in high-quality, innovative small household appliances. It owns multiple trusted market-leading brands - Shark, Ninja and Joyoung, - and has high brand awareness and consumer influence in China and the U.S. JS Global has a workforce of more than 5,000 employees worldwide, among whom over 2,000 are female. CDH originally invested in Joyoung in 2007 and later invested in Joyoung and SharkNinja in 2017. With CDH's help, JS Global completed the brand integration in 2019 and successfully listed on the Hong Kong Stock Exchange, which was a milestone for JS Global's development and ESG initiatives.

CDH's collaboration with JS Global on ESG Strategy

With one board seat at JS Global, CDH collaborated with the Company to formulate ESG strategies. CDH participates in reviewing long-term ESG strategies and plans, annual ESG reports, ESG goals and other related content presented by the ESG Leadership Committee at board meetings. CDH consistently supports the Company's ESG efforts and anticipates strong ESG performance from JS Global. CDH and JS Global have developed specific ESG initiatives following ESG strategies.

Key Strategic ESG Initiatives

 Green Energy & Resource Efficiency	<ul style="list-style-type: none"> ❖ Green Energy Deployment: Equipped the plants and offices with photovoltaic power generation facilities ❖ Green Architecture Design: Maximize utilization of natural light to reduce electricity demand for lighting purpose. ❖ Sustainable Packaging Solutions: Replaced petroleum-based printing ink with soybean oil and adopted recyclable packaging materials for tapes, pulp boards, and other similar materials.
 Sustainable Supply Chain	<ul style="list-style-type: none"> ❖ Supplier Entry Requirement: Sign code of conduct agreements with all Tier 1 suppliers. Management requirements on anti-discrimination, occupational health and safety, environmental impacts, procurement from sustainable sources, etc. are included in the agreements. ❖ Third-party Audits and Incentive Mechanism: Introduced third-party audits to evaluate suppliers' management on ethics and social responsibility. Set incentive mechanisms for outperformers. ❖ Communication and Empowerment: Provided skills training on quality control, logistics system operation, etc., arranged resident representatives to help manage suppliers, and promoted suppliers' platform-based management.
 Product Quality & Safety	<ul style="list-style-type: none"> ❖ UL Certification for Products: Set up quality control teams to test and supervise product quality and ensure UL (Underwriters Laboratories) certifications are obtained. ❖ Customer Grievance Mechanism: Increased grievance channels etc. hotmail, email and social media for customers and establish multiple digital systems to manage customer grievances. ❖ Product Recall Management: Introduced a new recall policy, whereby it appoints a recall team and recall coordinator to manage recalls and act when necessary. ❖ Product Safety Introduction and Warnings: All products are provided with operating instructions and safety warnings to ensure that they are used safely.
 Human Rights & Labor Practices	<ul style="list-style-type: none"> ❖ Diverse, Equitable, and Inclusive (DEI) Workplace: Built DEI groups to internally promote DEI concepts, set up EthicsPoint whistleblowing system as a grievance channel, and holds monthly sharing session with topics covering diversity on race and identity, etc. ❖ Female Care: Maternal infantile rooms renovations to improve cleanness and comfortableness. ❖ Career Development: Created online training platform, developed multiple training programs for staffs in different positions and encourage education promotion of staffs by provision of incentive payments.

Impact Data on ESG Initiatives

ESG Initiatives	ESG Metrics	At IPO (As of 31 Dec 2019)	As of 31 Dec 2022	Improvement Ratio
Green Energy & Resource Efficiency	Electricity Consumption Intensity (kWh/US dollars in millions)	6,076	4,150	↓ 31.7%
	Renewable Energy Generation (kWh)	0	9,260,414	N/A
	Carbon Emissions Intensity (tCO ₂ e/US dollars in millions)	4.8	2.3	↓ 52.1%
	Hazardous Wastes Generated (kg/US dollars in millions)	1.4	0.5	↓ 64.3%
Sustainable Supply Chain	Suppliers covered by Third-party Audits (ethics&social responsibility)	No data	94	N/A
	Supplier Training hours	No data	180	N/A
	Suppliers covered by supplier trainings	No data	221	N/A
Product Quality & Safety	Customer Satisfaction	SharkNinja: 77.0%	North America: 86.2%	↑ 9.2%
			U.K.: 89.5%	↑ 12.5%
	Joyoung:	96.0%	97.4%	↑ 1.4%
Human Rights & Labor Practices	Customer Complaints Resolution Rate	91.2%	100%	↑ 8.8%
	Female Management Ratio	24.8%	31.8%	↑ 7.0%
	Female Employee Ratio	33.2%	38.2%	↑ 5.0%
	Average training hours of staff	No data	47.8	N/A

Capital Market ESG Rating Increase

ESG Index or Assessment	ESG Ratings*	Industry Level
S&P Global CSA	From 45 to 56 (2021 to 2022)	Ranking 5th in the household durables industry
HKQAA - Hang Seng Sustainability Rating	From “A-” to “A+” (2021 to 2023)	Outperforming 94% of its peers
FTSE Russell ESG Rating	From 2.8 to 3.1 (2021 to 2022)	Outperforming 80% of its peers in the industry
MSCI ESG Rating	“AA” in 2023	Far surpassing the industry average score (2.3)
		Industry Leader

*Note: The data is based on latest available information.

For further information about this case contact

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CDH: Daniel Li, CDH Investments (dan.li@cdhfund.com)

HKVCA ESG Award of Excellence 2023 – Celadon Partners & Atium Group

Company Background

- Founded in 2014, Atium Group (“Atium”) is an advanced materials technology company that provides end-to-end supply chain solutions for footwear brand customers – its vision is to revolutionize the material used and processes involved in shoemaking, leading to a more sustainable lifestyle from Day 1 of business.
- Atium sits at the critical intersection between upstream materials innovation and midstream large-scale commercialization / production and is the global market leader for knitted footwear uppers.
- Atium focuses on the following key segments:
 - Sustainable and raw materials innovation
 - Product design and development
 - Advanced manufacturing
- Atium’s proprietary flat knitting technology has been developed and refined over many years and Atium continues to push new boundaries due to its role as the global dominant market leader.
- Brand customers are highly dependent on Atium’s full-suite services and therefore considered Atium as a critical strategic partner rather than just a typical supplier in a fragmented supply chain.
- Celadon completed a management buyout of Atium in 2021, and has worked closely with the co-founders and management team to drive Atium’s ESG initiatives.



Key Strategic ESG Initiatives

1. Raw Materials Selection & Ocean Stewardship
 - Recycled materials composition: **Over 98% of raw materials used originate from recycled materials.** Atium sources its recycled polyester yarn from ocean plastic waste and TPU, which helps alleviate the harmful problem of plastic waste devastating marine wildlife.
 - Eco-innovative yarn consumption: In 2023, Atium began sourcing Dope Dyed Yarn, a **dyeing process which consumes 80% less water, 90% less chemicals, 63% less energy and results in an overall 62% reduction in GHG emissions.**
2. Raw Material Waste Management
 - Waste management: **Almost 100% of raw material waste is managed and recycled** through partnerships with external recycling facilities. Currently, Atium is working on R&D of a closed-loop recycling mechanism and technology to be implemented in the near future.
3. Energy and Water Usage
 - Environmentally friendly production: Compared to the carbon footprint of the average standard sneaker upper of 42.90 kg CO₂e per m², **Atium’s knitted upper production outperforms by a factor of 5.5x with emissions of only 10.90kg CO₂e per m².**
 - Reused Water: Atium has continuously increased its **water reuse rate which stands at 33%**, and aims to achieve 100% recycling by investing in wastewater recycling projects in the future.
4. Employee Benefits, Health & Safety
 - Fair working hours and wages: As a steward of responsible hiring, Atium ensures employees work fair hours and receive above-average wages, including to our line employees who earn **64.2% more than the stipulated local minimum wage.**
 - Employee health and safety: Every worker is trained regularly on occupational emergency preparedness (obtained ISO-45001) and has direct access to the management team for consultation on health & safety improvements. Since its inception, Atium on average has had **no more than 1 work related injury per year and 0 workplace fatalities.**

HKVCA ESG Award of Excellence 2023 – Submission by CVC Capital Partners

Company background

In July 2021, Funds advised by CVC Asia carved out of the Personal Care business from Shiseido and named the new company FineToday Co., Ltd. ("FineToday"). FineToday has a strong portfolio of hair care (TSUBAKI, fino, SUPER MiLD, uno), skin care (SENKA, uno), deodorant (Ag DEO24), and body care (KUYURA) which is sold across Asia, in particular Japan and China / Hong Kong as well as in 10 other countries mostly in Southeast Asia.



Driving ESG transformation

ESG governance:


ESG is a priority for FineToday's management. Its ESG Committee, chaired by the CEO, serves as an advisory council to raise critical ESG related issues to the top management team as well as to the board. The Sustainability Division, with the support from top management team, oversees the implementation of its ESG strategy and various initiatives.


ESG strategy, performance, and value creation:


The company has integrated its Purpose "To enrich the lives of everyone today and for generation to come, one fine day at a time" and Values into the way it runs its day-to-day business. Through this Purpose, FineToday aims to create sustainable value for all of its stakeholders.


In July 2022, it formulated "Fine Today & Tomorrow 2030" as its long-term ESG Vision based on four Ps (Principles of Governance, People, Planet, and Prosperity), which serves as a roadmap to guide its ambitions to 2030. The ESG Committee monitors a number of non-financial KPIs to measure the company's performance against the quantitative and qualitative targets.



	Vision and story for 2030		Strategic KPIs and 2030 targets
Principles of Governance 	Ethical conduct	An organizational culture that prevents and has zero tolerance for compliance violations We will do business fairly, in pursuit of proper ethics, in every country, region, and environment.	Number of serious compliance violations* 0
	Transparent governance	Structures are in place under which anybody can notify the organization of any internal and external issues with confidence that they will be resolved. We will build systems that enable constant pursuit of even better business practices, across organizational and company boundaries.	Percentage of issues reported to the group internal hotline that have been resolved 100%
	Integration of risks and opportunities	Structures are in place throughout the value chain to detect and respond quickly to risks and opportunities. We strive to minimize the negative impacts and maximize the positive ones of our businesses, to support consumers' daily lives.	Percentage of long-term risks and opportunities analyzed and responded to appropriately by the Risk Management Committee 100%
	Pursuit of Purpose	Each and every employee puts into practice various actions and decision-making based on the Purpose. We act based on thinking of our Purpose at all times, to beautify and enrich the lives of people in diverse communities.	Percentage of positive responses on the Purpose and Vision in engagement surveys 88pts.

	Vision and story for 2030		Strategic KPIs and 2030 targets
People 	Commitment to human rights	The human rights of all people are afforded the utmost respect, with no one left behind, throughout the value chain. We will deliver fine days with respect for all in our activities from raw-materials procurement through manufacturing and sales, centered on the Asia region.	Ratio of ascertaining internal and external human-rights risks, including those of suppliers, and responding appropriately 100%
	DE&I	All people in the value chain can demonstrate their abilities to the maximum in fair environments respecting diversity. We will provide consumers with better value as an organization in which everybody can work in their own ways with peace of mind, as an enterprise grounded in the diverse nationalities and values of Asia.	Psychological safety score on engagement surveys, the average of scores on interpersonal relations and acknowledgement 78pts. Percentage of women managers 30%
	Improvement of health and safety	All people on the value chain do their job every day in decent work environments*. We take pride in beautifying and enriching heart, body, and planet thanks to our safe, healthy workplaces in each country and region.	Decent work score on engagement surveys, the average of scores on rewarding work and good health 80pts. Number of on-the-job accidents (resulting in time off work) 0%
	Investment in talent	Each and every individual bravely takes on never experienced challenges, and has a positive impact both internally and externally working together as one. We will build an organizational culture whose members can experience true growth by taking on challenges dauntlessly while thinking about people and the planet.	Percentage of employees whose actions demonstrate Values & Leadership Behavior (permeation) 95% Autonomous growth score on engagement surveys, the average of scores on opportunities for growth and culture of taking on challenges 83pts.

	Vision and story for 2030		Strategic KPIs and 2030 targets
Planet 	Response to climate change	Reducing greenhouse-gas (GHG) emissions throughout the product life cycle, and contributing to minimizing climate risks and maximizing climate opportunities. We can lessen the risks of climate change to consumers in Asia and worldwide by rebuilding the ways we do business with an emphasis on the planet.	GHG emissions Reduced 42% (vs. 2021) (Realizing carbon neutrality by 2050)
	Conservation of nature and biodiversity	Assessment and reduction of impacts on ecosystems throughout the value chain. We can balance forest conservation and business development in Southeast Asia through means such as use of certified palm oil.	Sustainable palm oil procurement 100%
	Pursuit of a circular economy	Circular social systems are developed and the resource cycle is made more efficient, including use of sustainable containers and packaging. We can contribute to reducing oceanic pollution in Asia and around the world through means such as reducing use of plastics and increasing recycling rates.	Percentage of sustainable containers and packaging 100%
	Caring for water, air, etc.	Business activities minimize their impacts on water and the natural environment. We can contribute to reducing the water stress that affects half the world's population through products that help conserve water.	Water intensity Reduced by 10% (vs. 2021) (Factory water monitoring: 100%)

	Vision and story for 2030		Strategic KPIs and 2030 targets
Prosperity 	Expansion of economic contributions	Sustained generation of profits and continual contribution to solutions to social challenges through business activities. We will reinvest profits from business in solutions to unresolved challenges, to build relations of co-prosperity with as many consumers as possible.	Internal targets only
	Improvement of consumer satisfaction	FineToday Group brands' unique products and services to meet the unmet needs of consumers across generations. We will build relations of trust between our brands and consumers, by beautifying and enriching their daily lives and making their lives more satisfying.	Internal targets only
	Product innovation	FineToday Group ceaselessly takes on the challenges of value innovation, to deliver fine days to as many people as possible around the world. In addition to progress on features and technologies for healthier, more attractive skin and hair, we will continue to improve the sensual value that delivers joy and satisfaction.	Internal targets only
	Community support	Contributing to community development as a member of the local communities where business activities take place. We will support the progress of the communities near our facilities and factories across the countries and regions of Asia, through sustainable business growth.	Internal targets only

External validation:

FineToday's sustainability activities and ongoing improvement are evaluated by an external organization, EcoVadis, the world's largest sustainability assessment agency, with more than 100,000 registered companies in 175 countries.

In June 2022, the company earned a "Silver" medal from EcoVadis in its first year of the EcoVadis assessment. The Silver medal is awarded to only the top 25% among the companies evaluated.

Building upon the first assessment's learnings, in September 2023, the company was awarded a "Gold" medal in its second year of the assessment. This prestigious recognition places FineToday in the top 5% for sustainability on a global scale.



Participation in external initiatives:

"Fine Today & Tomorrow 2030" identifies key material topics to the business so the company can promote sustainability management and strive to address these issues through its business activities. An important aspect of these efforts, is participation in international initiatives:

Participation in External Initiatives

Task Force on Climate-Related Financial Disclosures (TCFD)

Endorsed in June 2022
<FineToday>



UN Global Compact

Signed in April 2022
Also joined Global Compact Network Japan at the same time
<FineToday>



Roundtable on Sustainable Palm Oil (RSPO)

Joined in April 2022
<FineToday>



Women's Empowerment Principles (WEPs)

Signed in March 2022
<FineToday>



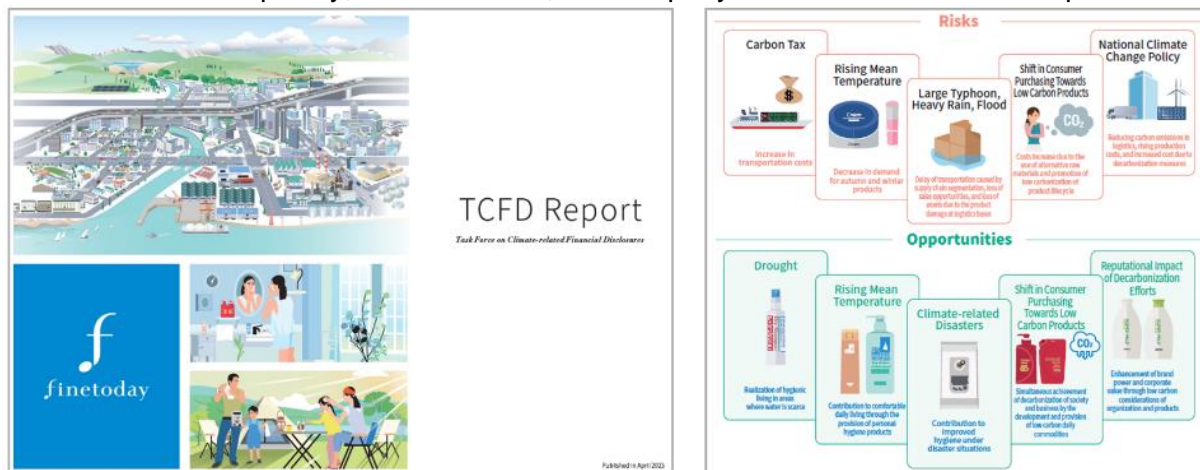
Climate action

Renewable Electricity Sourcing:

FineToday mainly outsources its manufacturing to Fine Today Industries Co., Ltd and a Shiseido factory, which has already achieved “100% Renewable Electricity Sourcing” and aims to align with the SBT 1.5°C target. Shiseido remains our key business partner in terms of production, so we will continue to have close communication and implement further ESG strategies together.

Science Based Target Initiative (SBTi) and Task Force on Climate-Related Financial Disclosures (TCFD):

FineToday became a signatory to the SBTi in 2022 and an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD) to promote and guide its climate-related action and disclosures. Consequently, in March 2023, the company released its first TCFD report.



In the report, the company discloses information according to the four key areas stipulated in the recommendations, namely, governance, strategy and scenario analysis, risk management, and metrics and targets.

[URL: <https://www.finetoday.com/en/sustainability/environmental/climate/>]

ESG transparency and disclosure

FineToday released its first voluntary sustainability report in May 2023. The report includes a message from our CEO and introduces "Fine Today & Tomorrow 2030" and reports on the progress against this strategy.

In the course of preparing the report, established data management systems such as the Global Reporting Initiative (GRI), which provides international guidelines on explaining contributions to sustainability, and the framework of the Task Force on Climate-related Financial Disclosures (TCFD) are referenced.

[URL: <https://www.finetoday.com/en/sustainability/sustainability-report/>]

Tonghua Dongbao (hereinafter referred to as the “Company or THDB”) has been deeply engaged in the field of diabetes treatment for 38 years and is a leading player in China’ s insulin industry and a pioneer in ESG practice.

Company Profile:

Establishment date:

- 1985 in Tonghua City, Jilin Province, China (stock code: 600867.SH)

Business profile:

- The Company successfully developed China’ s first recombinant human insulin in 1998. As the first EU cGMP-certified biopharmaceutical manufacturer in China, the Company has over 16 categories of best-selling medicines, owns five global Class I novel drugs, and has extended its pipeline products from diabetes to weight loss and other endocrine and metabolic disease treatments such as gout/hyperuricemia.

DCP Capital’ s investment:

- Since the completion of its strategic investment in THDB in September 2020, DCP holds two board seats at the Company, and a professional post-investment operation team has been deployed to assist the Company in optimizing its governance structure, strengthening its refined operation and management, as well as providing support for ESG strategies and promoting ESG practices.



Key ESG initiatives:

01
Environmental aspects:

► Energy saving and emission reduction:

- As a leading company in the insulin industry, THDB actively undertakes the responsibility of ecological and environmental protection, encourages and implements green procurement, green production, green packaging, and green transportation management policies.
- The Company’ s Wind ESG Rating was upgraded to “A” , with a score of 5.5 for Environmental Management and Practices in particular, much higher than the industry average (2.84).
- The Company has changed its heating fuel to more environmentally friendly natural gas, realizing the replacement of traditional coal-fired fossil energy with clean energy, which can reduce pollutant emissions by 7.86 tons/year of soot, 23.38 tons/year of sulphur dioxide and 27.51 tons/year of nitrogen oxides, and reduce carbon dioxide emissions by about 60,000 tons per year.
- The Company adopts physicochemical + biochemical treatment methods which separates the high and low concentration components of the sewage station for treatment, and adopts the decontamination filtration-alkali absorption device to treat the waste gas produced during the fermentation process.

► Biodiversity:

- The Company has set up the Dongbao Nature Reserve for the scope of the primary protection zone of the reservoir, and has invested millions of yuan in special funds for the management of the surrounding ecological resources over the past 40 years, including the addition of fences, monitoring and other management measures to ensure better protection of the water source. The series of water-saving engineering modifications for the production process can save nearly 150,000 tons of water per year.

02
Social aspects:

Since its establishment, the Company has invested more than 100 million yuan in education, environmental protection, charity and other public welfare services, determined to contribute to the harmonious development of society.

► The Company actively fulfills its social responsibility and contributes to the construction of a healthy China:

- The Company has long insisted on carrying out activities such as charity clinics, medical promotion and training for grassroots doctors. In 2022, through a series of activities such as “Norman Bethune Tour” and “Dongbao Chairty”, the Company conducted thousands of online and offline public charity trainings in more than 32 provinces with more than 20,000 doctors from lower tier cities receiving systematic training on basic and clinical knowledge of diabetes.
- In April 2023, DCP Capital, together with Tonghua Dongbao and Shanghai American-Sino Women’s & Children’s Hospital, initiated and organized the “Gift from the Heart”- Type 1 Diabetes Charity Project, which helps 100 economically disadvantaged patients with type 1 diabetes and their families to reduce their medical expenses, and provides continuous and multi-form assistance to the disadvantaged patients with diabetes. As a leading company in China’s insulin industry, THDB provided medical equipment such as blood glucose meters and test strips.

03
Corporate governance:

► Establishment of ESG committee

DCP Capital and THDB management team formed an ESG committee. It is responsible for formulating the Company’s ESG strategies, principles and policies and ensuring the continuous execution of the Company’s ESG policies considered and approved by the board of directors; regularly reviewing the achievement of the Company’s ESG objectives; focusing on the Company’s ESG related risks and proposing strategies to deal with them.

► Launching equity incentives to fuel the Company’ s long-term development

Launched a large-scale equity incentive plan over hundreds of employees in September 2020.

► Gender equality

As of the end of 2022, Tonghua Dongbao had more than 3,000 employees, of whom more than 1,200, or nearly 50%, were female, and they were distributed in the front line of production, R&D, management, operation and sales of the Company.



Introduction

EmergeVest is a Hong Kong-based global investment firm that builds great businesses, provides innovative capital solutions and generates value for all stakeholders. Our responsible investment strategy emphasizes proactive ESG stewardship to unlock value and mitigate risks. Robust methodologies measure key ESG indicators and ensure transparent reporting.

EV Cargo

EV Cargo is a global technology-enabled supply chain and logistics execution platform for the world's leading brands, providing air and sea freight, road freight and contract logistics. It illustrates how our sustainability philosophy has catalyzed sustainability progress in a real-world context and facilitated a step-change in value creation. **EV Cargo has systematically executed a multi-pronged ESG strategy to transform the company into a sustainability leader, with its environmental performance data externally assured.**

Key Strategic ESG Initiatives & Outcomes

EmergeVest conducted a **double materiality assessment** to identify and prioritize ESG factors at EV Cargo. Using global frameworks, such as the Global Reporting Initiative and Sustainability Accounting Standards Board, we assessed the potential impact of various topics on our enterprise value, society, and the environment.


Strong Oversight & Accountability

EV Cargo's sustainability committee is chaired by the CEO and the Chief Sustainability Officer sits on the Executive Board and it has committed to the UN Sustainable Development Goals.

Measuring & Reducing Emissions

Based on the Global Logistics Emissions Council framework, we assess GHG carbon emissions annually to evaluate progress towards our climate objectives. In 2023, **Science Based Target initiative approved EV Cargo's decarbonization targets**, reflecting our commitment to continuous improvement in environmental stewardship.

Efficiency & Technology Driving Sustainable Solutions





Initiatives	GHG outcome	Cost savings
 Co-load freight, twin containers and switch from road to rail.	19,955 tCO ₂ e Innovations resulted in GHG emissions reduction.	\$7.9m Alongside emissions, there were significant cost savings.

Decarbonization In Action

Compared to its baseline in 2021, EV Cargo **reduced GHG emissions by 29% in 2022** and is on track to be carbon neutral for scope 1 and 2 emissions and **reduce scope 3 emissions by 25% by 2030**. EV Cargo helps customers decarbonize their supply chains and achieve their scope 3 ambitions, while generating cost savings.

We are proactive in identifying, implementing and executing ESG-centric initiatives. Specific approaches to pressing global challenges, such as climate change and the urgent need for diversity and inclusion, are integral to our strategies. We place a strong emphasis on transparent reporting, so are able to illustrate tangible progress, ensuring accountability and transparency.

Helping Customers Achieve Their Scope 3 Ambitions

 EST. 1884	EV Cargo used technology to increase load fill and reduce container use, saving 1,070 million tCO ₂ e and producing a 15% reduction in costs for M&S.
	EV Cargo used technology to redesign and reduce packaging, resulting in a 3.8% cut in packaging volume and a reduction of 9,000 tCO ₂ e.
 BREWING GROUP UK&I A PROUD PART OF Anheuser-Busch	5.4m delivery km by truck were switched from traditional diesel to HVO fuel, resulting in a 90% emissions reduction.
	EV Cargo introduced the UK's first electric, zero-emissions HGV, saving 17,500 litres of diesel and 47 tCO ₂ e.

Influencing Policy Changes

EmergeVest and EV Cargo have endorsed a Global Memo of Understanding announced at COP26 to achieve an interim goal of 30% zero-emission new truck sales by 2030 and 100% by 2040. We are advocating measures that can accelerate the transition to a low-carbon logistics sector, such as **tax incentives, subsidies and regulations that promote the use of zero-emission vehicles and infrastructure development.**

Increasing Diversity

In 2022, EV Cargo completed the Target Gender Equality, a programme to deepen implementation of gender equality in companies participating in the UN Global Compact. **On the Women's Empowerment Principles Gender Gap Analysis Tool**, EV Cargo improved from 29% in 2021 to 71% in 2022. EV Cargo received recognition from the UN Global Compact for advancing the number of women in leadership positions. In early 2021, women made up 19% of managers and had zero representation within governance bodies; **by 2022, these statistics had increased to 31% and 29%, respectively.**

Awards & Training Opportunities

EV Cargo won the **Motor Transport Sustainable Transport Award**, the **Logistics & Supply Chain Green Initiative Award** and was a finalist in the **Finance for the Future Awards**. It also won **three British Safety Council Awards** for SHEQ engagement and reduction in incidents, including the **Gold RoSPA award for the 14th consecutive year**. EV Cargo employees across the globe have access to the **United Nations Global Compact Training Academy** to improve their knowledge on a range of sustainability topics.

APPENDIX 1

Robust Management & Strong Oversight to Mitigate Downside Risks & Enhance Value Creation

Experienced management team.	Sustainability committee chaired by CEO and monthly meeting.	Key policies in place governing operations.	ISO 14001 certifications across two warehouses.
Independent Assurance Statement on Sustainability Report.	Chief Sustainability Officer sits on Executive Board.	ESG linked compensation for directors and managers.	Commitment to UN SDGs and reporting in line with GRI.

Key Targets & External Initiatives/Memberships Showcasing Industry-wide Collaboration

Target	KPI	2022 Result
PLANET		
To reduce our overall GHG emissions	Target annual 4.2% reduction in scope 1 and scope 2 GHG emissions.	Target achieved – 15% reduction (scope 1) and over 35% reduction (scope 2) without acquisitions.
	Target 2.5% reduction in scope 3 GHG emissions.	Target achieved – 31% reduction.
	30% new zero-emission mid and heavy-duty vehicles by 2030, 100% by 2040 in support of the COP26 Global Memorandum of Understanding on Zero-Emission Medium and Heavy-Duty Vehicles to decarbonise logistics in the road transport sector.	Ongoing.
	To source all electricity from 100% renewable suppliers by 2030 (part of our Science Based Targets initiative commitment).	With nine sites moving to renewables in 2022, we saved 442 tCO ₂ e, reducing our potential CO ₂ e emissions by 26%.
	To reach net zero GHG emissions across our value chain by 2050 (part of our Science Based Targets initiative commitment).	Ongoing.
PEOPLE		
To only work with suppliers who share our values.	Target at least 70% of procurement spent with suppliers with a verified ESG policy by the end of 2023.	Ongoing.
	Target at least 70% of procurement spent with suppliers with a committed carbon target by the end of 2023.	Ongoing.
To create a diverse, equitable, inclusive workplace enabling opportunities for all.	At least 25% of senior management positions held by females in 2023.	Target achieved: 31%
	25% females in governance bodies by 2023.	Target achieved: 29%
	Gender pay gap less than 2% (by 2023).	Ongoing.
To embed a culture of employee safety and regulatory compliance.	Upper quartile reportable injuries / 100,000 versus comparable industry benchmark by 2022.	EV Cargo reportable per 100,000 = 528.87 Industry benchmark for 2022 by SIC = 534.5
	Zero prosecutions, warnings or instances of ESG non-compliance each year.	Target achieved.
To continuously improve our service & production quality.	Collect data on all ESG complaints received.	Target achieved.
	100% of complaints are acknowledged by written response within 24 hours upon receipt.	Target narrowly missed.
To train and educate our people.	Increase by 10% hours of training per employee.	Ongoing.
	Increase by 10% programmes for upgrading employee skills and transition assistance programmes.	Ongoing.
	All employees receive performance reviews.	Performance reviews linked to bonuses awarded to employees.
To embed human and labour rights in all that we do.	Zero cases of child labour in operations and suppliers.	Target achieved. No cases identified in 2022.
	Zero cases of forced labour in operations and suppliers.	Target achieved. No cases identified in 2022.
	50% of managers trained on human rights policies and procedures by 2023.	Ongoing.
	Record Incidents of complaints discrimination and corrective actions taken.	Target achieved.
	Compliant with national law regarding notice periods on operational changes.	Target achieved.
GOVERNANCE		
To continually improve business ethics	Zero corruption cases	Target achieved.
To protect our customer privacy	Zero substantiated complaints concerning customer privacy and losses of customer data. Zero complaints from regulatory bodies concerning customer data.	Target achieved.
To comply with national transportation laws	Zero cases concerning management of hazardous goods.	Target achieved.
VALUE CREATION		
Technological innovation / innovative solutions	Increase innovative approaches / solutions that help customers reduce their costs and greenhouse gas emissions.	Target achieved. 19,955tCO ₂ e and \$7.9m saved and continuous improvement ongoing.

Founded in 1984, Calibre Chemicals is a **specialty ingredients player** with a product range of Iodine Derivatives, Persulfates and Perchlorates. Calibre uses **electrochemistry** as the base technology for manufacturing its products and caters to sectors like pharma, animal feed, polymer, coatings, personal care, industrial, defense, aero-space, mining, etc. Today, Calibre addresses the **iodized salt requirements** of one in three humans. Plants certification: ISO 9000, 14000, 22000, 45000, GMP, FAMI-QS, FSSAI, Halal & Kosher.

Investment Year
August 2021, majority control
Sector
Specialty Chemicals
Geography
India and Germany

Enable better health outcomes for human beings and animals by increasing access to quality, affordable essential chemicals i.e. Iodine and its derivatives

Key Issues Identified During DD

- × Lack of Fire No Objection Certificate (NOC)
- × Failure to submit Environmental Compliance Report
- × High GHG Emissions (Scope 1 & 2)
- × No Environment, Health & Safety personnel
- × Absence of Electrical Safety procedure in factory

Core Impact under Everstone's Holding Period

Expanding Workforce with Quality Jobs



Doubled employee count to 300 and fostered many global jobs indirectly, particularly in middle- to low-income countries.

Commitment to Achieving Carbon Neutrality



Increased Calibre's renewable energy mix to **15% from 6%** during time of investment. This notably decreased **Scope-2 emissions (1.59K tCO₂e per annum)** and resulted in an **EBIDTA increase of 1%** over budget.

Comprehensive **decarbonization roadmap established** in collaboration with an environmental consultant for the development of a GHG inventory and target setting for y-o-y reduction of Scope-1, Scope-2, and Scope-3 emissions, signifying the commitment to achieving carbon neutrality.

Renewable energy percentage projected to further rise to 18% by end-2024, **marking a 3x increase** under Everstone's ownership. The goal is to further elevate this to 50% by 2030.

Establishment of a Green Factory



Everstone, in partnership with Calibre, acquired a German asset and is establishing a **green factory in a Tier-2 region** of India to minimize GHG emissions and **safeguard natural resources** proactively

Driving Sustainable Innovation



Fully embraced the 3R philosophy—**recycle, reuse, and reduce**—recovering 10 MT of iodine from waste streams. This repurposed iodine now contributes to the input feedline, **saving +USD 1 million every year** by reducing the need for purchasing iodine raw materials.

Implementation of initiatives like Zero Liquid Discharge (ZLD), rainwater harvesting, tripling renewable energy use, and creating a green belt around the plant highlight **commitment to responsible consumption and production**.

Advancing Animal Welfare on a Massive Scale



Iodine derivative products made by Calibre expected to **save more than 1.82 billion animal lives**, annually

Enhancing Governance, Compliance, and Sustainability



Everstone implement robust best-in-class SOPs on corporate governance, board control and inducted independent directors in what was previously a family owned and managed business. Procedure for management of climate risks established headed by the senior management team consisting of the CEO, COO, CFO, and compliance manager.

Introduction of an Ethical Supply Chain



Developed a supplier code of conduct to cooperate with **ethical supply-chain business owners**. Currently working with 737 MSME suppliers, including female suppliers, and 350+ clients across 43 countries.

Community Engagement and Empowerment



Community initiatives include a 500 LPH RO plant benefiting 3,000 villagers a tiny habitat 15 km from the factory, a 6 KL oxygen storage facility aiding underserved covid-affected patients in a tier 3 town, and support for sanitary infrastructure in primary schools.

HKVCA ESG Award of Excellence 2023

Hainan Jinpan Smart Technology Co Ltd (SHA:688676)(“Jinpan” or the “Company”)

Background Information: Leading Provider of New Energy Power Solutions

Established in 1997 and headquartered in Haikou (Hainan), Jinpan is a leading provider of new energy power solutions engaged in the design, manufacture and sale of electrical power control and distribution products. The Company's products comprise cast resin transformers, vacuum pressure impregnated (VPI) transformers, VPI reactors, switchgears, and unit substations, used extensively in new energy applications such as in wind and solar power, energy storage, etc. The Company was the first company from Hainan to list on the STAR Market in March 2021 (SHA:688676) and has a global presence in over 84 countries and 6 continents. In 2022, the Company achieved an operating income of ~4.7 billion RMB. The Company has R&D and manufacturing bases in Haikou, Wuhan, Shanghai, and Guilin and has obtained ~231 patents. Forebright Capital led the management buyout and privatization of Jinpan in 2016 (formerly NASDAQ:JST) alongside the Company's subsequent relisting on the STAR market in 2021. Since 2016, Forebright has spearheaded many ESG improvements with a key team member appointed as Vice Chair within the Company, playing a pivotal role in effecting these transformative initiatives.

ESG Initiative #1: Promoting Sustainable Development through Digital Transformation

Jinpan has undertaken a comprehensive digital transformation strategy to achieve more efficient, sustainable, and innovative business operations and strategies in-line with the nationwide carbon neutrality and digital economy objectives, alongside broader ESG goals. Since Forebright investment and as of 2023, Jinpan has established 7 digital factories across China. The first digital factory in Haikou saw a decline of ~52% and ~66% in electrical and water consumption respectively in 2022 compared with 2019, while increasing production capacity and per capita output by 124% and 136% respectively within 2 years of operations. The Haikou plant has a high green power utilization rate of ~38%. Productivity has improved drastically due to the digital transformation – the Company saw over 30% reductions in production costs, with ~15% reductions in production costs per kVA. These developments benefit not just Jinpan but also offer value to other industry participants as a blueprint for future sustainable developments – the Company received ~400 million RMB in orders for digital factory solutions.

ESG Initiative #2: Eco-Innovation for Carbon Neutrality

Jinpan has invested heavily into innovating operational solutions aimed at optimizing energy utilization and reducing greenhouse gas (“GHGs”) emissions, spending ~247 million RMB in 2022 in R&D (up ~56.83% YoY). By enabling more efficient operations and data-driven decision-making, the Company saw a significant reduction in resource consumption and emissions. The Company established a “carbon peak and carbon neutrality” target system to reinforce carbon management frameworks. Coupled with the introduction of the ISO 14061-1: 2018 GHGs emissions management system, operational teams actively monitor and optimize dual-carbon goals and form data-driven decarbonization action plans. The Company also invests heavily into product eco-innovation, such as low-carbon photovoltaic solutions and energy storage stations. Jinpan has ~15.89 MW of photovoltaic power generation capacity across all its manufacturing facilities and expects to save 782 and 3,345 tons of coal consumption and GHGs emissions annually. Jinpan continues to lead the carbon neutrality race in 2022, producing only 0.03 tons of carbon dioxide per 10,000 RMB of income and hitting a high 25% of green energy utilization rate across all factories. Jinpan is partnering with Hainan Holdings Energy to use green power in its factories – the Haikou factory will become the first zero-carbon digital factory in Hainan.

ESG Initiative #3: Effecting Corporate Social Responsibility through Active Stewardship

Jinpan continues to be committed in promoting transparent, inclusive, and vibrant work environments alongside ESG culture amongst management teams. The Company has grown its social and governance initiatives since Forebright investment, enhancing fair labour practices, employee wellness programs, transparent reporting, anti-corruption, regulatory compliance, stakeholder, and community engagements – boasting 100% participant rate in talent development and anti-corruption trainings. Jinpan continues to promote ESG culture among middle and senior management through frequent ESG, TCFD, and SBTi training. Since 2023, Jinpan's public welfare donations has totalled more than 346,000 RMB.

Impact on the Company and Stakeholders: Building Purpose and Resilience through ESG

The Company and Stakeholders has benefitted from stronger financial performance; operating revenue and net profit grew ~43.69% and ~20.74% YoY, respectively. In 2022, Jinpan provided customers with 815 million kVA of energy-efficient transformers, helping customers save ~60.7 million KWh of electricity annually – equivalent to 31,995 tons of carbon emission reduction. In the same period, Jinpan undertook the construction capacity of distributed photovoltaic projects totalling ~70.6 MW, helping customers reduce ~70,388 tons of carbon dioxide emissions annually.

The Company has experienced increased total orders primarily driven by product innovations within the energy storage business and realized cost optimization through digital transformation. In-house digital tools and platforms have also bolstered social elements through improved transparency and governance. Jinpan serves as a compelling case study of how critical ESG improvements can not only enhance its operational efficiency, but also drive new, innovative, and sustainable growth while delivering strong financial performance to stakeholders.

Company Overview


Founded in 2004, Beijing Jinkangpu Food Science & Technology (JKP) is a leading Chinese domestic nutritional business specializing in premix products. JKP became the only Chinese premix supplier of the Global Alliance for Improved Nutrition (GAIN) in 2018, providing access to affordable, better-quality, nutritious foods for vulnerable African populations.

Since GL Capital (GL) invested in JKP in 2021, we collaborated with JKP to develop an ESG improvement plan and enhance ESG management capacities, making sustainability an integral part of the business and promoting well-being for all.

Embracing ESG

Under GL Capital's 2022 portfolio pilot program, GL Capital and the management at JKP implemented several ESG initiatives.

ESG Initiatives

Reducing Carbon Footprint	<p>JKP aimed to mitigate carbon footprints related to operations and productions by echoing China's national climate ambitions. In 2022, JKP developed the ability to estimate Scope 1 & 2 emissions and conducted renewable energy feasibility studies on new production sites.</p> <p>Through these efforts, we were aware of the 2022 baseline operational GHG emission for 760.1 tCO₂e and started to install solar panels at the Zhejiang production site.</p>
Promoting Inclusive and Safe Working Environment	<p>JKP was committed to creating a diverse, inclusive, and safe working environment to promote female staff representation at all levels and reduce working injuries. JKP maintained around 60% female representation in the overall staff for two years, exceeding the national average. With an established occupational health management system, JKP's incident rate remained at 0% for two consecutive years.</p> <p>Through GL's ESG pilot program, JKP realized that diversity and safety could be evaluated and managed from various perspectives and aspired to initiate empowerment and training projects to create a more amicable and inspiring working culture.</p>
Driving the Next Stage of ESG Enhancement	<p>With GL's resources and platform, JKP successfully built partnerships with global customers with high ESG requirements. JKP recognized that ESG should be a pillar for business and developed a 6-phase ESG enhancement approach to help the company navigate its sustainable journey. Under the enhancement approach, JKP will focus on clarifying ESG responsibility and enhancing ESG data management capacity in the short term. In the long run, JKP will benchmark with industry-best practices to formulate its own ESG value creation strategy and sustainably operate the business.</p> <div data-bbox="470 1736 1284 1848">  <p>Priority Identification ESG-integrated Business Strategy ESG Management System Data Management Action Plan Disclosure and Stakeholder</p> </div> <p style="text-align: center;">JKP's ESG Enhancement Approach</p>

GL Capital ("GL") is a responsible investor and UNPRI Signatory. As a value-driven healthcare investor, in alignment with the United Nations Sustainable Development Goals (UN SDGs), we seek to invest in industry-leading companies that contribute to promoting good health and well-being of humanity.

HKVCA ESG Award of Excellence – Submission

Nominee: Muthoot Microfin Limited**Background and Overview of the Portfolio Company**

MML is one of India's leading microfinance institutions, serving c.3m customers (99% of whom are women) through a pan-India network of c.1,200 branches across 18 states and union territories in India. MML provides microloans to women entrepreneurs primarily from rural India, with an aim of driving financial inclusion and women's empowerment through the delivery of formal credit to under-served, underprivileged and disadvantaged women on affordable terms, with quick turnaround, and in a hassle-free manner. MML, by virtue of its business mission of providing microloans to low- and lower middle-income female entrepreneurs in India, has a significant and direct impact on financial inclusion and sustainable development in India.

Greater Pacific Capital ("GPC") is a private equity firm that was founded in 2005 to build a leading impact investment institution focused on the growth of Asia and India and their links to the rest of the world. GPC invested US\$60m in Muthoot Microfin Limited ("MML") in multiple tranches, with the initial investment completed in December 2021.

Since its investment, GPC has worked closely with MML to (i) institutionalise and upgrade its ESG program and (ii) implement multiple initiatives to leverage MML's business and platform to drive environmental and social impact, thereby creating value for the business.

These initiatives have been instrumental in creating significant value for MML, its customers and their communities, and as such GPC would like to nominate Muthoot Microfin Limited for the HKVCA ESG Award of Excellence.

Overview of MML's ESG Program

MML is strongly committed to operating its business in an socially and environmentally responsible manner, and leveraging its business to drive positive impact for its customers and their communities. After investing, GPC worked closely with MML to implement a comprehensive ESG policy and management system that applies to all of MML's business activities and processes. The ESG policy has helped to institutionalise ESG consideration throughout MML's business

- **Best-in-Class HR Practices and Systems.** MML has implemented HR policies and to create a collaborative and inclusive work culture, invest in employee learning and skill development, and provide benefits to employees above the minimum legal requirements (including industry-best salaries, monthly/yearly performance incentives, upskilling training, paid leave, etc.). In recognition, MML has been awarded the 'Great Place to Work' certification and was amongst the highest rated financial services companies in India in the most recent rankings.
- **Transparency and Governance Systems.** MML has a governance framework designed to ensure transparency, accountability, and integrity across the business. MML is governed by an independent and diverse Board, has a strong track record of internal and external audits (e.g. all 1,200 branches are audited every quarter for compliance), and full compliance with stringent regulations and disclosure requirements of the Reserve Bank of India.
- **Lowering its Own Environmental Footprint.** As part of its ESG program, MML has implemented various policies to ensure efficient waste management, paperless operations, along with energy-saving initiatives across its offices and branches.
- **Corporate Social Responsibility Program.** MML supports the Muthoot Pappachan Foundation (MPF) across its programs including "Restart India" (to help small businesses recover after the pandemic with advice and support) and "Smile Please" (to facilitate free 'cleft lip' surgeries for underprivileged children, donating c.2,700 surgeries across India to date).
- **Stakeholder Engagement.** MML actively engages with its stakeholders, including clients, employees, and investors, to understand their needs and concerns. Regular feedback and communication channels are in place to foster a culture of responsiveness.

Breakthrough ESG Initiatives Since GPC Investment

Over and above the integration of ESG considerations across its business outlined above, GPC has also worked closely with MML to identify and implement initiatives which leverage its core business to deliver meaningful and tangible environmental and social impact, and value for MML's stakeholders:

- **Millions of Individuals Provided Clean Energy and Modern Sanitation Facilities.** MML provided financing solutions for rural households for purchase of solar lanterns, air purifiers, and modern sanitation facilities to address their energy and sanitation needs. 563,338 households (with c.2.7m individuals) were provided with access to clean energy and 87,000 new sanitation facilities have been built. In May 2023, MML partnered with Micro Energy Credits to audit this program, which revealed that this program has reduced c.400,000 tonnes of CO₂ emissions to date.
- **E-Clinics to Provide Healthcare Services to Customers.** To add value to its customers and their families, MML has set up 437 "e-clinics" at its branches in rural areas to provide access to affordable and high-quality healthcare services to its customers. E-Clinics are small kiosks which can be used for a video consultation with a qualified doctor, with medical equipment to do a basic check-up. It is a simple and easy approach to get medical treatment that is affordable, quick, and reaches otherwise hard-to-reach rural areas. Since the launch of this program, MML has facilitated 328,740 medical consultations to date through these e-clinics. In addition, MML also organises periodic community outreach for healthcare with over 10,000 beneficiaries in rural India, starting from free breast cancer testing for rural women to relief activities during natural calamities and the pandemic.
- **Improving Financial Literacy for 3 Million Underserved Women Entrepreneurs.** MML's core business mission is to empower underserved women entrepreneurs. In addition to providing them microloans to help them grow and scale their small businesses, MML also closely mentors its customers to improve their financial literacy through workshops and skill training sessions, enabling them to advance in their enterprises and make informed financial decisions.

MML's ESG initiatives since GPC's investment reflect strong and unwavering commitment to drive financial inclusion while building a sustainable future. By integrating environmental, social, and governance principles into its operations, Muthoot Microfin creates lasting positive impact on the community.

For more information on MML's ESG policies and approach, please see: <https://muthootmicrofin.com/investors/esg-goals/>

Cowell Health in close partnership with Hillhouse's sustainability team: To promote holistic approach towards net-zero under overarching ESG strategy.

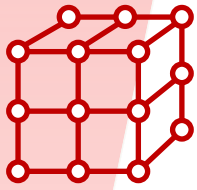
Cowell Health ("Cowell") owns and operates an extensive nationwide network of over 15,000 pharmacies across 18 provinces and municipalities and more than 330 cities in China. It has accumulated over 80 million registered members. Cowell has a workforce of more than 40,000 employees in which ~86% are female. It also has 2 central, 9 regional and 22 local distribution hubs across the country to suffice its large demand on supply chain.

Holistic approach towards decarbonization

With more than 15000 (over 10000 directly operated) pharmacies and 33 distribution hubs, Cowell pays high attention to its environmental impact, especially on decarbonization. In 2022, Hillhouse has introduced its self-developed decarbonization value creation offering by domain-experts within our Sustainability team. This topic then became one of the cornerstones of Cowell's overall ESG implementation approach. The two teams have together developed a holistic decarbonization approach

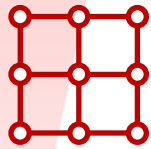
"Points to Line, Planes to Cube" strategy:

Cube



- **Corporate level:**
 - Working together with Hillhouse and an external consultant, Cowell was able to calculate its carbon footprint based on sophisticated modelling of its relevant activities according to ISO 14064-1:2018 standards. This helps Cowell to identify activities with high emission and/or emission intensity and establish its decarbonization roadmap accordingly.
 - Introduction of recyclable packaging: Recyclable packaging has replaced 70% of traditional packaging material. The lifecycle of recyclable packaging material is expected to be 7 to 10 years. In 2022, the annual consumption of packages was around 12 million and consequently the application of recyclable material could save ~15,000 trees per year.
 - Paperless documentation, E-membership cards and digital coupons: 45 million pages saved in 2022 with Cowell's paperless policy; A total of 27.32 million e-membership cards were delivered in 2021 and 2022; over 400 million digital coupons were delivered to customers.

Plane



- **Distribution hubs:** Temperature and humidity control are vital for Cowell's distribution hubs. They lead to a large amount of energy consumption which is a significant source of emission and a cost item. Cowell now uses intelligent air conditioning systems to achieve temperature zoning. With energy management system including remote monitoring, analysis and optimization, Cowell has introduced energy saving technologies to refrigeration in 70% of its distribution hubs, achieving an annual electricity saving of 50% for refrigeration. In addition, intelligent and energy-saving lighting system and AGVs were also introduced. All these effort results in a ~9.7 GWh electricity savings per year.



Line

- **Regional level:** Cowell takes Shanghai hub as its pilot to exercise some of measures towards net-zero. For regions with less critical weather conditions in winter, Cowell has targeted to replace all of its self-owned fossil-fuel vehicles (~95) with electric vehicles within the next 3 years. To date, 36 vehicles have already been replaced. The impact of this will be an ~160 tons of potential savings on diesel.



Point

- **Pharmacy level:** For its flagship pharmacy opening in Shanghai in September 2023, Hillhouse's Sustainability Team and Cowell worked with an external consultant to make sure the pharmacy is compliant with LEED Zero (Carbon) criteria starting from the initial design phase. Energy-efficient equipment and materials were considered with a higher priority to ensure the pharmacy also sets a benchmark across peers. The remaining emissions would be offset by purchasing carbon offsets.

Overarching ESG strategy

Since its foundation, Cowell has excelled various ESG-related measures. These measures include paperless documentation, replacement of self-owned vehicle with electric ones and distribution of 100+million masks during the COVID-19 pandemic, to only name a few.

In 2021, Hillhouse has introduced ESG value creation offerings to its portfolio companies. Since then, Cowell's management team has worked closely with Hillhouse's ESG team to establish a sustainability vision and consequently, an overarching ESG strategy.

First, Cowell established its ESG governance structure and management framework. In March 2023 Cowell has established its ESG committee and management mechanism. The CEO of Cowell was nominated as the chairman of this committee to showcase its intended efforts towards sustainable development.

Next, by utilizing Hillhouse's digital ESG monitoring and analysis platform, the ESG Barometer, the two teams then created Cowell's ESG metrics framework and evaluated Cowell's overall ESG performance. This framework includes 14 sub-topics, 60+ level 3 topics and 100+ metrics under they three pillars of ESG. This laid out the groundwork of Cowell's ESG efforts

We then partnered with external vendors and came up with an overarching ESG strategy for Cowell with the vision of "Safeguard Public Health"

"When considering our ESG strategies and implementation measures, both Cowell and Hillhouse share the same principle: we prioritize those works that not only improve our performance on ESG, but also bring positive value to our sustainable development."

- Steven Li, CEO of Cowell and Chairman of Cowell's ESG Committee

Insignia Ventures Partners Submission HKVCA ESG Award of Excellence 2023

Impact of Insignia Ventures ESG Initiatives on portfolio company Elevarm

Background Information on Elevarm

- Company: Elevarm
- Sector: Agriculture / Agritech
- Nature of Business: Platform for Indonesia's upstream agriculture industry, providing access to an ecosystem an ecosystem powered by data and IoT technologies to improve productivity and incomes of farmers
- Geographical Scale and Location: Indonesia. Since 2022 currently operating across nine provinces with thousands of farmers in their network and their goal is to bring our services to 1 million farmers by 2025.
- Year of investment: 2022

Specific ESG initiatives and changes introduced and implemented for Elevarm:

1. Early on in the post-investment period, Elevarm had used the [Insignia Ventures in-house ESG Assessment Tool](#) to assess their ESG standing. Per the ESG assessment, Elevarm was recommended to put in place good governance policies and enhance its internal reporting systems.
 - a. With its ready accessibility to the public, due to being on our website, the [Insignia Ventures in-house ESG Assessment Tool](#) is ultimately built not just for our portfolio companies but for any company to contribute to (in terms of its cumulative database) and learn from. A member of any organization can fill out the survey, composed of 28 multiple choice questions, each covering key focus areas under the ESG framework.
 - b. Once the survey response is validated, a report is generated for the company, containing – the company's sustainability score (final ESG score, Environment score, Social score, Governance score), the company's general industry rating which is based on its ranking in certain focus areas vis-à-vis other submissions by industry peers, as well as actionable recommendations to increase its sustainability score.
2. From the assessment, we have supported Elevarm in setting up systems for monitoring and reporting, leading up to the publication of their [Sustainability Report](#) and [Impact Report](#), which we supported in crafting through our in-house senior content strategist Paulo Joquino.
3. We advised them on their sustainability roadmap and approaches, based on the findings of the reporting system they had set up.
4. Our founding managing partner Yinglan Tan became part of their sustainability council, along with Dr. Ir. Mia Rosmiati, M.P., Associate Professor at the School of Life Sciences and Technology at the Bandung Institute of Technology.

Impact of changes on the company and on its stakeholders:

1. Through their sustainability roadmap and report, Elevarm has identified areas for them to improve in the next decade, especially in their efforts in the Environmental pillar of ESG, especially when it comes to the Waste & Hazardous Materials ESG area. For example, reducing plastic packaging on farm produce by 50% and implementing organic waste recycling.
2. Broadly, Elevarm employed the Social Return on Investment (SROI) approach and IIX Global scale to score their sustainability efforts. With the SROI approach, they found that every 1 rupiah spent by Elevarm generates 1.48 rupiah worth of impact value. Then on the IIX scale, they achieved an 8 out of 10, placing them on the right path to further improve their sustainability approach. Breaking that measurement down into specific data points, we could look to the key ESG areas (provided by HKVCA) and match notable improvements in [Elevarm's Sustainability Report](#) from the survey results:
 1. **Business Model Resilience:** The Farmers' part of Elevarm's ecosystem have been able to increase their yield 5-50% with an average (median) of 30% more than before. Elevarm farmers' incomes have increased by 45% from IDR 2.2 million to IDR 3.3 million on average.
 2. **Employee Engagement, Diversity, & Inclusion:** Elevarm supports around 2000 women farmers and farm workers. In Elevarm's organization, they have around 35% women employees, with 40% of their female employees in leadership roles and 18.8% in management roles (head to C-level).
 3. **Product Quality and Safety:** 7 out of 10 farmers have never accessed agriculture advisory before but now with Elevarm, farmers claim an increase in knowledge across numerous topics, especially plant treatment and disease prevention (82.3%), selecting agriculture production facilities (68.4%), and knowledge to choose planting commodities (66.7%).
 4. **GHG Emissions:** Before Elevarm, 657.2 tonnes of CO2 was emitted per year by farmers. After joining Elevarm, this was reduced to 328.6 tonnes of CO2 emitted per year with sustainable farming practices.

Supporting Documentation

- [World Bank Interview with Elevarm co-founder Lintang Pratiwi for International Womens' Day](#) (prep supported by Insignia Ventures)
- Elevarm featured by the [ASEAN for Business Monthly Bulletin](#) by the ASEAN Secretariat
- Insignia Ventures Podcast with [Elevarm co-founder and CTO Febi Agil Ildillah and CPO Bayu Adi Persada](#)

Established in 1947, Texon provides high quality structural components to the global footwear market and has a long heritage as a proven supplier to the world's leading brands. The business is focused on sustainable innovation and supplies high performance, sustainable materials, including heel counters, toe puffs and insoles to the highly attractive premium athleisure footwear market.

Texon is a global business headquartered in Hong Kong, with factories in the UK, Germany, Italy, China and Vietnam, as well as local presence in more than 90 countries.

Navis Capital Partners acquired a majority stake in Texon in 2016 and subsequently sold it to Coats Plc. in 2022. During the investment period, we executed a series of strategic initiatives to strengthen Texon's growth and ESG awareness, re-position Texon as a leader in sustainable high-performance materials, as well as implement operational improvements to further unlock Texon's value.

1. Sustainability-lead products & ZeroFootprint Initiative

- Issued industry's first sustainability report starting from 2019. See Appendix I
- Rolled out series of new products focusing on sustainability. See Appendix II
- Launched the "ZeroFootprint" Initiative with clear and ambitious reduction targets across Texon's operations by 2025. See Appendix III for the targets
- Completed Life Cycle Assessment in 2021 across sites and products, including raw materials, production processes and supply chain, mapping out their impact using standardised metrics (kgCO₂e/kg)
- Used SBTi framework to establish its 2025 targets and started regularly reporting on its progress
- Hired dedicated sustainability officer to coordinate the worldwide sustainability efforts; supported by local sustainability team members

2. Product site level initiatives

- **All Texon Europe** production facilities are powered by 100% renewable energy
- **Texon Vietnam:** only recycled yarn is adopted as standard offering
- **Texon Dongguan:** 70% of all fibre and resin purchases is from recycled or renewable sources
- **Texon Italy:** 100% of the site's wastes are recycled and reused. Texon Italy also transports customers' waste back to site, and use the materials as secondary fibres replacing tissue or other virgin content
- Secured Global Recycling Standard (GRS) status at Italy, Taiwan, Hong Kong and UK sites

3. Rejuvenated leadership & strengthened governance

- Strengthened leadership with new management team, with committed focus around sustainability & ESG. Key new hires included CEO, CFO, HR Director, NPDI & Sustainability Director and Sales Director
- Rolled out HR Handbook and Texon Governance Pack. Key topics cover code of conducts, anti-bribery and corruption policies, sanctions etc. All suppliers and employees are required to acknowledge annually to ensure that they are aware and compliant to the Texon compliance standard
- Launched e-learning and town hall sessions across sites to raise overall awareness
- Implemented whistle blower program with third party channel to ensure process independence
- Established Ethics Compliance Committee at top level to monitor and improve overall ESG standard

Outcome:

- Increased revenue with closer client relationships
 - Texon secured partnership with global blue-chip MNCs for new products. Decathlon aims to offer eco options in-store for all components by 2026 and became a strategic partner for Texon in terms of new product development
 - As global blue-chip MNCs continue to commit to Net Zero targets, including responsible supply chain, recycled content and sustainable energy, Texon's market-leading sustainability-led products contributed to growing topline and improved pricing power
- Improved financial performance via (1) lower costs from renewable energy; (2) reduction of energy used with energy efficiency project; (3) reduced water use intensity via closed-loop water solutions across sites
- Strong buyer interest during the sale process and resulted in great exit return

Appendix I – Sustainability Reports (with milestones and achievements to date)



[2019 Sustainability Report](#)

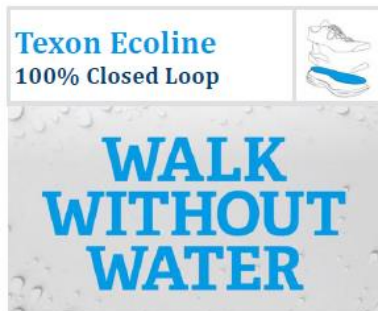
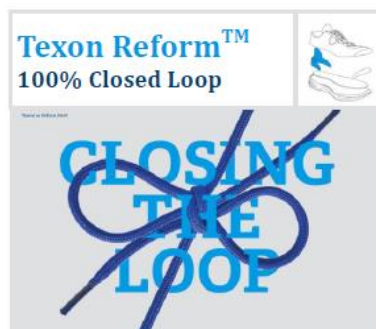


[2020 Sustainability Report](#)



[2021 Sustainability Report](#)

Appendix II – New products launched with dedicated focus on sustainability

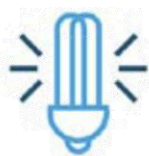


Texon Ecostrobe – Texon's first insole made with 100% recycled content. Produced using 100% recycled PET and a special fusion-bonding technology that completely removes the need for chemicals or water

Appendix III – ZeroFootprint Goals

#1

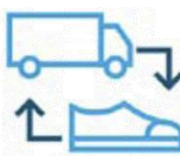
Reduce our carbon footprint by 50%



Refitting all of our existing lighting with LEDs



Installing more efficient motors and drive units for plants



Streamlining our supply chain & maximising efficiencies of deliveries to customers

#2

Reduce our use of virgin materials by 50%



Cellulose range with maximum utilization of secondary (recycled) fibres



Developing a sustainable range of Toe Puffs



Year on year increase of recycled contents all product groups

#3

90% of our waste to be recyclable or reusable



Solid waste take back scheme (closing the loop)



Evaluation of our raw materials database to accommodate planned diversification

#4

Reduce our water use and water waste by 20%



Increased water treatment: minimise discharge & increase water recycling

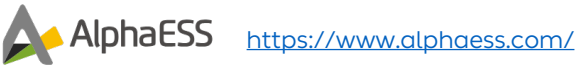


Reduce usage of impregnates decrease required water usage

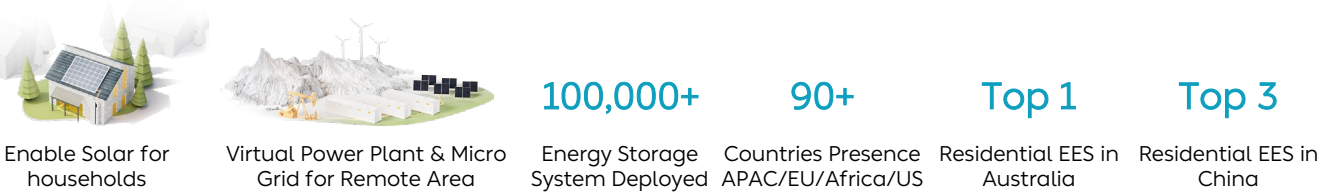


Remove pigments from mixes: Increase water treatment efficiencies

Company Introduction



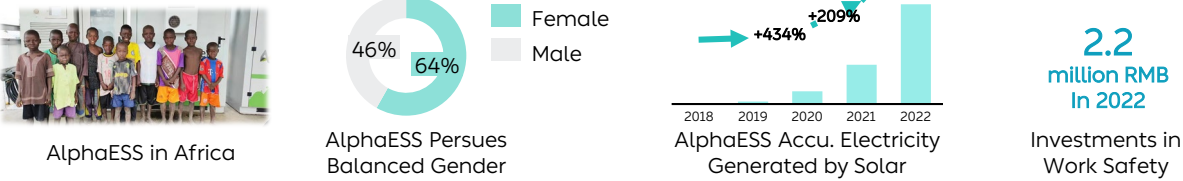
AlphaESS is a leading global green energy storage solution (EES) and service provider. The company excels in providing tailored solutions to **enable wide adoption of alternative energy** for a wide range of applications, including residential, commercial, industrial, large-scale, and utility projects.



NIO Capital Value-add in ESG

First Institutional Investor	In 2018, NIO Capital found that solar deployment was constrained due to its weather-dependent nature . In early 2021, the firm invested in AlphaESS as one of the first institutional investors since its inception in 2012. NIO Capital carries the same vision as AlphaESS to serve at least 100 million people with clean energy.
ESG & Industry Knowledge Sharing	When NIO Capital first identified AlphaESS in 2018, the company was a small player with 300m RMB revenue. In 2022, the company booked 1.7 billion RMB revenue with 5x growth. NIO Capital delivers internal research biweekly on the Global Energy Market Dynamics to AlphaESS, covering topics including ESG regulations, global peers’ activities, technology insights, etc.
ESG Reporting	NIO Capital started internal ESG system building in 2021, which inspired AlphaESS to review its internal governance structure in the meantime. NIO Capital helped identify key metrics, including carbon emissions, PVs installed, % of renewable energy in total electricity purchased, gender equality, labor safety , etc. The company reports to NIO Capital annually.
Corporate Governance Training	NIO Capital CEO club organizes periodic trainings to senior management team of portfolio companies. CEO, COO and Head of Marketing of AlphaESS all joined NIO Capital training camps several times a year . In 2022, AlphaESS further optimizes its ESG management system by appointing a dedicated Vice President in charge of the company’s ESG matters.
Ecosystem building	In October 2023, AlphaESS was introduced by NIO Capital to participate in Clean Energy for Developed Countries Panel in Beijing. The panel was hosted by UN Sustainable Energy for All while AlphaESS was the only energy storage supplier invited. NIO Capital continues to drive ecosystem collaborations to help companies expedite their impact.

AlphaESS ESG Key Achievements




Significant Carbon Savings	AlphaESS provides the best solutions to empower distributed solar applications worldwide. With their products, residents are able to enjoy clean, cheap and reliable energy. By the end of 2022, AlphaESS generated 2,624 GWh of electricity powered by solar. In 2022 alone, the company saved more than 1.5 million tons of carbon emissions, equal to 128 million trees .
Recycling & Responsible Production	Cartons and pallets are two main components of the production process. AlphaESS achieved 100% reuse of material cartons and incoming pallets. 100% of suppliers are assessed for environmental impact. Meanwhile, the company adopts a full-process energy recovery system and saved 1.4 GWh of electricity in 2022 .
Renewable Energy Adoption	AlphaESS covered a total area of 236 m² of sunroof in its Suzhou office combined with their own energy storage system. The sunroof is expected to supply 50 MWh of clean electricity , equivalent to 50% of energy cost savings and 1,296 trees planted in a year. In addition, The company is equipping solar roofs on more of its manufacturing sites in 2023.
Official ESG Report	AlphaESS released an official ESG report in September 2023 benchmarking public-listed company standards . The report gave a comprehensive overview of the company’s carbon footprint, product quality control, technology innovations, environmental metrics and corporate governance. Refer to AlphaESS ESG Report 2022 here .
Bring Clean Energy to Africa	In August 2023, AlphaESS launched its first African office in South Africa. The region still has 600 million people with limited electricity access. AlphaESS is among the first batch of Chinese companies to provide end-to-end affordable services for local residents to empower independent community energy supply.

Submission for HKVCA ESG Award of Excellence 2023

NSSK has been actively promoting ESG initiatives in the portfolio companies in which it has invested, and has produced a number of projects that have proven the synergistic effects of ESG promotion on investment results. We present the funeral operating company, Tokaitenrei Co., Ltd., in which we have recently completed a share transfer, as an example of ESG initiatives implemented during the investment period that have contributed to investment returns.



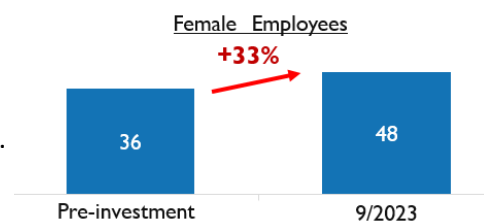
Company Overview:

	 東海典礼 <small>想いを叶える会社</small>
	Tokaitenrei Co., Ltd. ("Tokaitenrei")
Founded	1983 in Aichi, Japan
Business Introduction	<ul style="list-style-type: none"> • Tokaitenrei operates an impressive network of funeral halls (22 funeral halls in total). • Under the theme of "Emotional Funeral Services," Tokaitenrei's staff, who have completed approximately 3,600 hours of training per person, provide courteous and high value-added services, which have been highly regarded by customers. • This high customer satisfaction is underpinned by Tokaitenrei's corporate philosophy, which aims to pursue the happiness of all employees and contribute to a better society.
Investment	In 2020, NSSK acquired a 100% share in Tokaitenrei.

ESG Initiatives and Outcomes:

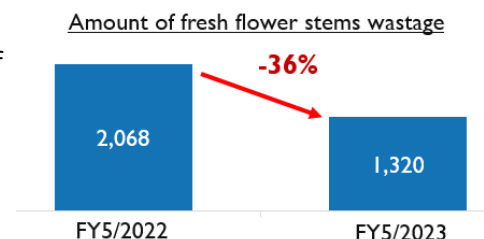
1) Increase in female employees

Stabilized local employment by actively creating new jobs through the expansion of funeral hall facilities.



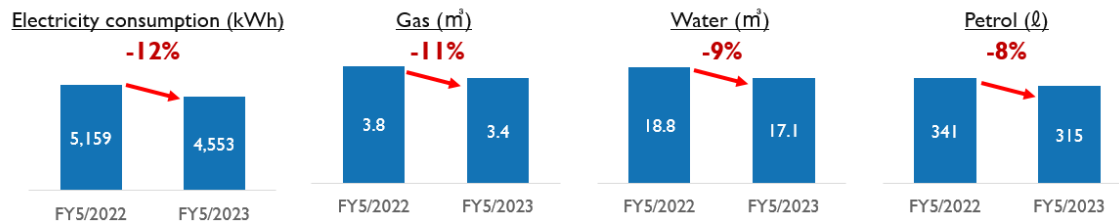
2) Reduction in the wastage of fresh flower stems

- While in-house purchase and decoration of flowers can improve profit margins, a certain amount of wilted flowers are discarded.
- Successfully reduced waste by raising awareness of ESG and reviewing processes for purchasing and flower decoration operations.



3) Reduction in resource consumption per funeral

- ESG KPI improvement initiatives tied to cost management successfully reduce resource consumption.
- Successful sales related initiatives and increase in number of funerals have reduced the percentage of fixed consumption, resulting in lower consumption per funeral.



Changes and Implementation after investment:

Since making its funeral platform business investment in Tokaitenrei in June 2019, NSSK has been actively supporting the company in strengthening their management foundation. This support has been comprehensive, covering a wide range of areas such as accounting, finance, compliance, governance, ESG initiatives, and digital transformation through its unique NSSK Value Up Program (“NVP”). Specifically, NSSK has supported improving profitability by budget control and accelerating monthly settlements. Additionally, NSSK has supported the expansion of the companies’ dominant areas by opening new halls, introducing a sales management system, and implementing digital marketing strategies. Support has also been given to strengthen human resource recruitment and introduce digital transformation of business processes. Furthermore, NSSK has focused on improving service quality and profitability, as well as pursuing synergies through the accumulation and sharing of management know-how between funeral platform businesses.

- Increased the number of facilities from 18 to 22
- Completed additional operational improvements in care services with the support of NSSK

HKVCA ESG Award of Excellence 2023 Submission

Leading the Low-Carbon Transition in China’s Industrial Gases Industry



Background

- AirPower is the largest independent industrial gases supplier in China by revenue, formed in July 2021 through the merger of Yingde Gases and Baosteel Gases, two PAG-controlled companies which PAG invested in 2017 and 2019, respectively.
- Through its extensive network of 135 air separation facilities covering 24 provincial regions in China, the company has been focused on providing customers in the manufacturing, electronics and healthcare industries with customized and differentiated engineering and operational solutions to their industrial gases needs. The company has also become an increasingly prominent supplier of industrial gases in Southeast Asia and India.



Highlights

- To help drive commitment to accelerating carbon emissions reduction, PAG has worked closely with AirPower and has developed a robust decarbonization strategy to reduce 30% of carbon intensity by 2030, using 2020 as a baseline year.
- As of the end of 2022, significant progress has been achieved following the implementation of the roadmap:
 - Reduced 158,000 tCO₂ emissions from energy efficiency initiatives.
 - Captured, recycled and reduced direct carbon dioxide emissions amounted to 385,112 tCO₂.
 - Consumed 167.9 million kWh of renewable energy.

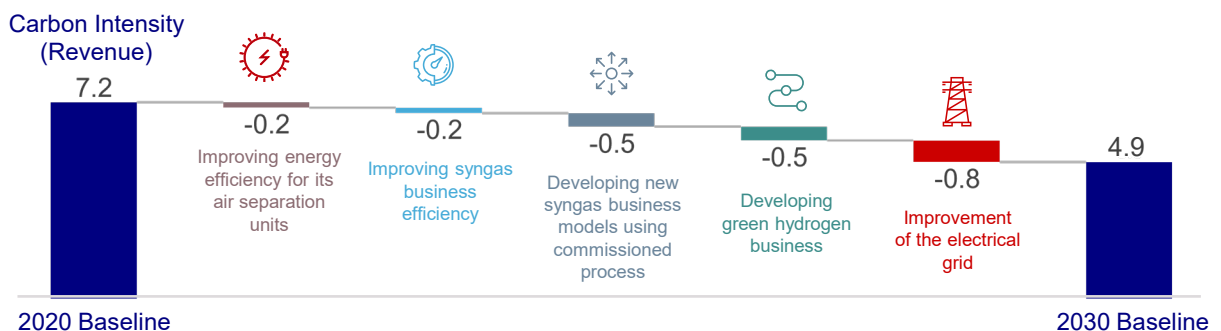
Key Decarbonization Initiatives

1. Developed a robust and comprehensive decarbonization roadmap

The company conducted a comprehensive review of its Scope 1 and Scope 2 emissions to establish the decarbonization baseline.

Based on an external audit, Scope 2 emissions represented 80% of the company’s total emissions, and 96% of which was attributed to energy consumed during air separation. Under PAG’s leadership, the company set a goal to reduce 30% of carbon intensity by 2030, and developed a clear roadmap towards increasing energy efficiency and reducing reliance on fossil fuels.

The diagram below summarizes five key areas and respective anticipated reduction potential for AirPower to achieve the decarbonization goal:

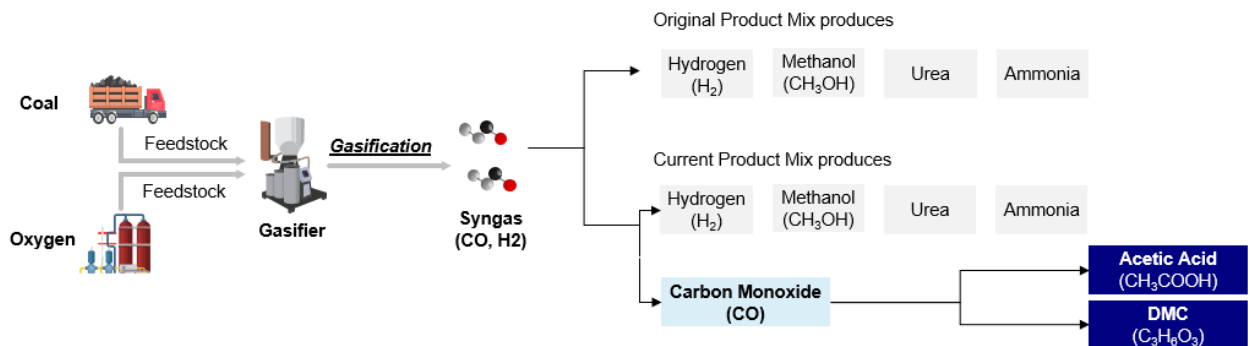


Figures may not add up exactly due to rounding.

2. Increased carbon capture initiatives

AirPower has undertaken carbon capture initiatives to convert carbon dioxide into high-value downstream products such as carbon monoxide. Notably, AirPower's Jingmen facility has entered into an agreement to supply synthetic gas, a key industrial ingredient, to Handsome Chemical (leading player in alkyl acetate) and Yuanhan New Energy (an EV-battery

solvent producer), which will be captured and processed into downstream value add products. The partnership with Handsome Chemical and Yuanhan New Energy will allow AirPower to effectively capture over 800K tons carbon dioxide emission per year in its Jingmen facility, equivalent to removing approximately 174,000 passenger vehicles from the road annually¹.



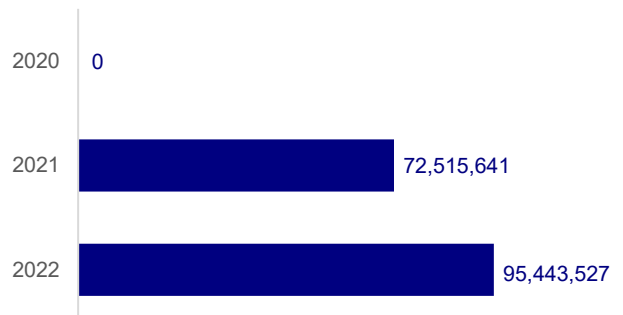
Dimethyl Carbonate (DMC) is a battery-grade solvent for the electrolyte of lithium-ion batteries

3. Significant uptake of renewable energy

The company has significantly stepped up its renewable energy consumption in its operations since establishing the decarbonization roadmap.

Renewable energy consumption amounted to a total of 167.9 million kWh within two years, equivalent to powering the electricity consumption of over 50,000 households annually².

kWh renewable energy consumed



Conclusion

PAG has fully supported AirPower's decarbonization strategy and has made significant progress in the past 3 years.

PAG believes that AirPower has a critical role to play in China's clean energy transition. We will continue to support its decarbonization initiatives to generate a broader impact on adapting more sustainable energy solutions for the industry, in China and elsewhere.

¹ Typical passenger vehicle emits 4.6 metric tons of CO2 per year. Source: <https://www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle>, last accessed October 31, 2023.
² The average electricity consumption per household per month in Hong Kong is about 275 units, or 3300kWh per year. Source: <https://www.emsd.gov.hk/energylabel/en/cal/cal.php>, last assessed October 31, 2023

HKVCA: ESG Application from Quadria Capital

Introduction: Quadria Capital invested USD 91 mn in Encube India Pvt. Ltd (Encube) in June 2021 from its Fund II. Encube is a global leader in topicals CDMO, with over 20 years of industry expertise, specializing in developing and manufacturing complex topical dermatological and pain-management drugs that are applied to and via the skin.

Its main manufacturing facility is located in Goa and is one of the world's largest single-site facility for manufacturing topical pharmaceuticals, with an annual capacity of 400 million units. The company has also commenced its operations in a new greenfield manufacturing facility in Central India (Indore, Madhya Pradesh) to de-risk from the single manufacturing site.

Quadria's ESG Approach to Investment: Prior to making the investment, Quadria applied its ESG Framework and undertook an initial screening of Encube against the fund's ESG Exclusion List during deal origination.

A detailed ESG Due Diligence (ESG-DD) was then carried out by ERM (third party specializing in ESG) to identify ESG risks and opportunities associated with the investment towards the ESG-MS requirements. An ESG action plan was created based on the material ESG risks identified.

Since our investment, sustainability is playing a key role in the company and is at the core of the corporate strategy. Regular monitoring on the material ESG topics is currently being undertaken by Quadria to assess and track the performance of the company across the ESG and impact KPIs and action plan requirements. Some initiatives undertaken include:







- **Health and safety:** Institutionalized an employee health and safety policy with the objective of ensuring that all employees and workers who are inducted are aware of health and safety practices and strive towards zero incidents at workplace. There were no serious incidents being reported during the last couple of years
- **Resource Efficiency:** Encube's office building in Goa is the first building in the state to have received the IGBC LEED Certification (Platinum). The manufacturing facility at Goa is built using non-toxic recyclable and environment friendly building materials including low Volatile Organic Compound (VOC) content materials. Further, company is proactively taking measures on energy, water and waste, including low-and no cost improvements and capital-intensive retrofits. Quadria has helped Encube prioritize specific measures at its plant for sustainable management of natural resources including using treated effluent for gardening and safe disposal to the environment in line with its zero to landfill policy.
- **Promoting diversity and inclusion:** Encube has achieved clear progress towards increasing diversity of its team over the years and is focused on representation of women and minorities in management. It maintains a gender ratio of 25% across its plant and R&D centre and is committed to creating an inclusive environment where diversity is embraced and celebrated.
- **Safety trainings:** Workplace safety training and drills were formalized in the company to help employees recognize and correct health and safety hazards, understand best practices and ensure a safe and healthy work environment. Other areas where trainings are conducted include general safety, work permit system, chemical safety, laboratory safety, etc. Employees and workers are provided with over 7000 hours of training annually in the R&D centre and manufacturing facility
- **Social Impact:** Encube has a culture of quality and competence having access to a vast network of highly qualified and experienced set of professionals. Quadria helped Encube in formalizing policies on recruitment and selection, onboarding, prevention of sexual harassment, separation, employee grievance redressal as part of the HR Manual.

Quadria also helped Encube define Standard Operating Procedures (SOPs) for selection, use and handling of personal protection equipment (PPEs) to protect workers from work-related exposures, material safety data sheets for hazard identification and first aid measures in place for all hazardous and non-hazardous work.

- **Target Setting**

The company has also set specific targets for the FY 2023-24 and is taking up the initiatives highlighted below at both its manufacturing units:

- **Reduction in energy intensity by 3%:** Some measures being taken for this include optimization of HVAC consumption; maintenance of chiller performance by cleaning of evaporators and condenser coils.; and operating AHU motors at reduced frequency. Company is also planning to install solar power plant at its new Hormone division in Goa
- **Reduction in fuel consumption intensity by 3%:** This is being done by conducting steam audits and replacement of faulty steam traps
- **Reduction in water consumption intensity by 5%:** Some initiatives undertaken include installation of closed loop cooling system for Batch Cooling in-place of conventional Cooling Towers; Recycling of raw water with an average of 45 kL water being recycled on a daily basis etc.

	Metric Alignment	Actual KPI value (2022)	Performance compared to previous reporting
 SDG 3.8 – Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	Number of SKUs (generic or branded) offered by the company	IRIS+ PD1516 527	▲
	Installed production capacity (tonnes per year)	IRIS+ PI1290 12,000	■
	Number of clients	IRIS+ PI9652 94	▲
	Grievance redressal mechanism for consumer/customer complaints on drugs (% resolved)	IRIS+ PI3863 99%	■
	SDG 5.5- Full and effective participation and equal opportunities for leadership		
 SDG 5.5- Full and effective participation and equal opportunities for leadership	% of women in Board	IRIS+ O18118 0%	▶
	% of women in management of the company	IRIS+ O11571 10.1%	▶
	% of women in total workforce	IRIS+ O16213 25%	▲
	Median average remuneration ratio (management and senior leadership)	IRIS+O11855 0.79	■
	Median average remuneration ratio (executive level)	IRIS+O11855 0.85	■
	% of net new women hires (FTE's)	16.3	▼
	Metric Alignment	Actual KPI value (2022)	Performance compared to previous reporting
 SDG 6.3- Improving water quality by reducing pollution eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater	% of wastewater treated	IRIS+ OI9412 100%	■
	SDG 6.4: Increase water-use efficiency and ensure freshwater supplies		
 SDG 7.3: Annual energy consumption per square meter of the hospital's building area	Annual water consumption in m ³	117,261	▼
	Annual energy consumption (in MWh)	IRIS+ PI1586 15,244	▼
 SDG 8.5: Full and productive employment, decent work for all, equal opportunity	Average number of training hours per employee trained (in Hours)	IRIS+ O18118 145*	
	SDG 8.8- Protect labor rights and promote safe and secure working environment		
	Total number of fatalities recorded in the reporting period	IRIS+ OI6525 0	▶
	Total man-days lost due to injuries/LTIFR	IRIS+ OI3757 0	▶
 SDG 12.5- Substantially reduce waste generation through prevention, reduction, recycling and reuse	Waste produced: Hazardous Waste (in MT)	IRIS+ OI1346 162.39	▼
	Waste produced: Non-Hazardous Waste (in MT)	IRIS+ OI7442 0.35	▲

HKVCA ESG Award of Excellence 2023: Amazon Papyrus Chemicals

Amazon Papyrus Chemicals (“APC”) is a leading specialty chemical and process solution provider to the pulp and paper industry in Asia, with presence in over 14 markets in the region. The Longreach Group (“Longreach”) acquired a majority interest in APC in June 2021.

In line with Longreach’s GP level ESG policy, ESG due diligence was a key part of the investment process from Day 1, and ESG material factors identified pre-investment continue to be a key focus areas of improvement and assessment, alongside newly identified ESG-led value creation initiatives.

Key ESG Initiatives

1. Implementation of ESG governance and framework

- **Instillation of Board and Senior Executive Level ESG champions** led by Longreach board directors, Founder/CEO, Group Strategy Director, and Director of Logistics & Procurement. ESG-led value creation is a key part of the responsibilities of a new senior role created and hired - the Group Strategy and Corporate Development Director
- **Implementation of ESG tracking and KPI dashboard** in line with UN Sustainable Development Goals, reported quarterly at board level. APC implemented Scope 1 and Scope 2 Emissions, reporting the lowest emissions amongst peers, and have actively managed emissions reductions (and reduced logistics costs) through optimization of supply chain routes and product formulation, with over USD1m annualized cost savings as of 2Q2023
- **Launch of inaugural Annual Sustainability Report** (2022 Sustainability Report: <https://www.amazon-papyrus.com/storage/media/Sustainability%20report/2022-Sustainability-Report-final.pdf>)
- **Establishment of formal policy on responsible sourcing compliance** post Longreach investment, confirmed with 96% of the suppliers
- **Anti-Bribery and Corruption Policy Review**, implementing policies for regular employee training and quizzes. Zero incidents reported

2. ESG-driven business expansion

- **Development of New Product Adjacency in Barrier Chemistry** with new products such as “AmiBarr” targeted to reduce use of single-use thermoplastic/PE layers currently widely used in F&B and retail applications, by 1% by 2024 (APAC 2021 thermoplastic demand of 780kilo-tons). Currently in advanced product trials with leading F&B packaging names (see *Appendix*)
- **Water Treatment strategy initiative** to utilize APC’s extensive product portfolio to treat wastewater discharged from pulp and paper-making processes, with active projects in the pipeline across China, Indonesia, Thailand and Malaysia
- **Strong ESG performance enabling key business wins** including from a leading European pulp and paper mill, which picked APC as one of their earliest regional suppliers in China, with APC’s incorporation of ESG into business operation “on-par with global suppliers” considered one of their primary diligence items in selecting APC

3. Promotion of resource savings to customers and in operations

- **Development of Green Product codes** dedicated to providing innovative and customized solutions to help customers meet their sustainability goals while generating a substantial return on their investment through reducing resource consumption, improving yield, and closing up water systems – all contributing to circularity. As an example, “AmiSpray” has been measured to reduce fresh water and steam consumption by 19% and 15% in paper production process
- **Promoting Reusable Products through standardizing tote bins**, with up to USD50,000 savings expected in 2023, potentially annual savings of USD500,000 after full rollout (see *Appendix*)
- **Renewable solar energy roof** being incorporated into planned new flagship manufacturing facility currently under construction, expected to generate 35% of total power consumption via renewable solar energy, equivalent yearly target cost savings of USD36,000, and target yearly carbon emission savings of ~118 Tons of CO₂e (see *Appendix*)

4. Enhancement of IT talent, infrastructure, and cybersecurity

- Transition to multi-factor authentication (“MFA”) and implementation of cyber vulnerability assessments and protocols
- Implementation of formal cybersecurity training to all employees (97% as of 30 June 2023)
- Zero-incident rate maintained with strong trend in reducing security tickets

Appendix

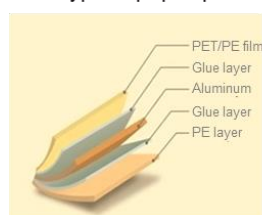
ESG Case Study 1 – New Product Adjacency: Barrier Chemistry

Overview of Market Application of Barrier Chemistry

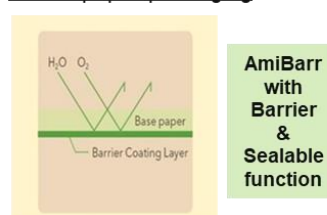
- Governments & brand owners in the Asia Pacific Region are beginning to phase out “non-recyclable” or “single-use” plastic (e.g. India government starting 1 Jul 2022, National parks in Thailand ban single use plastics starting Apr 2022)
- **Estimated around 65 million tons of single use plastic with ~ 48 million tons for food service packaging related in Asia Pacific**
- Alternatives to plastic packaging and food service formats, with better characteristics for recycling, biodegradability or composting, and free of toxic chemicals, are needed in order to contribute to the circularity and elimination of toxic chemical usage
- Sustainable barrier coating materials assume a critical role to provide the barrier functions on the paper

Amazon Papyrus Proposed Mechanism

Current typical paper packaging



Future paper packaging



Structure of typical multi-layered packaging. Layers would be PE film, aluminum foil etc

- Paper as a stand-alone substrate has no inherent barrier properties. Current method is to use single-use PE/PP layers in packaging
- Paper industry and converters need to add barrier coating(s) to provide barrier functions and heat “sealability” to fit for specific purpose of the packaging
- Key barrier functions: Oil & grease resistance (OGR); Water resistance (WR); Water vapor transmission rate (WVTR); Oxygen transmission rate (OTR)
- Preliminary focus applications for AmiBarr



Food-to-go trap



Fast food service



Cupstock



Corrugated boxes

Amazon Papyrus Product Innovation – AmiBarr

- AmiBarr Coating is applied to paper and board packaging materials coating that prevents another material from penetrating or permeating through it.
- Substrates coated with Amazon AmiBarr can be treated as a mono-material and therefore directly repulped and all fiber reclaimed with no special separation or cleaning stage (and therefore no consequential loss of fiber yield when recycling or plastic film to dispose of to landfill)
- AmiBarr coating is free of PFAs, plastic, silicone
- First focus on OGR and WR barrier functions was tested on target customer sample paper with positive results, next step to run trial in customer sites

Targeted ESG & Value Creation Outcomes

- Replace thermoplastic (“PP”) coatings in market with AmiBarr
 - APAC thermoplastic coating demand: ~ USD 1.4Bn = 780 kton p.a. in 2021
 - If AmiBarr is able to replace just 1% of thermoplastic coating market over 2023-2034, equivalent to estimated saving of 10,000 tons CO2e p.a.

ESG Case Study 2 – Reducing and Re-using Plastic IBCs

Initiative Overview

- APC has rolled out initiative to re-use intermediate bulk containers (“IBCs”) used to store and transport raw material instead of re-purchasing, to reduce plastics use

Targeted ESG & Value Creation Outcomes

- APC has identified and began to rollout initiative to work with upstream suppliers of IBCs used in transporting of raw material in APC’s supply chain, to standardize measurement of IBCs being produced for APC’s use
- IBCs to be standardized for raw material and finished goods, so they can be returned and reused with ease
- Starting rollout in China for 2 SKUs of finished goods, targeted annual savings of USD 39K – 52K
- Plan to extend initiative to rest of product portfolio, with potential to extend annual cost savings to >USD500K



ESG Case Study 3 – Renewable Energy in New Production Facility

Amazon Papyrus Solar Power Adoption Plan

- Planned scale of solar panel installation in the upcoming production facility in China
 - Roof top of office building 360m²
 - Roof top of finished goods warehouse 1,558m²
- ~ 2,660 of solar panels totalling approximately 1,330m² of panel coverage to be installed

Targeted ESG & Value Creation Outcomes

- Targeted annual solar power capacity 208,144kWh per year equivalent to 35% of total power consumption 600,000kWh/pa of the plant
- Targeted carbon emission saving 118,684 kg CO₂e per year
- Target cost savings of USD36,000 per year



Investment Background

Year of investment 2018

Location

- Headquartered in Beijing, China
- Operates 500 branches across 20 provinces

Market context In China, access to financial services is limited, with only 10% of adults borrowing money over the course of a year and over 200 million households outside the formal financial system.

Company strategy



Chongho Bridge originated from a microcredit pilot for poverty reduction in 1996. Since its inception, Chongho Bridge has become the one of the largest rural microfinance institutions in China, focused on serving rural smallholder farmers and small and micro entrepreneurs. The company also provides technical training programs in finance, agriculture, business operation and digitalization. Upholding the founding philosophy of helping rural residents live better lives and remembering its roots as an NGO, Chongho Bridge continues to find ways to serve the rural community. Today, it has expanded its scope since becoming a TPG portfolio company – including microcredit, agricultural production, insurance and renewable energy, cumulatively serving 4.7 million clients.

Notable ESG Awards & Recognitions

Since TPG Rise invested in Chongho Bridge, the company has implemented several ESG initiatives and developed sustainability management practices aligned with international best practices, which is documented in its first-ever sustainability report shared with key stakeholders in 2023. TPG and Chongho Bridge has a symbiotic relationship when it comes to ESG, from brainstorming on ESG initiatives to recommending external advisors. Chongho Bridge's ESG lead also joined our TPG Asia ESG Brown Bag in June 2023 as a panelist where we shared best practices among TPG Asia companies.

- 2023 Global Green Finance Award by the International Finance Forum
- 2022 GoldenKey Sustainable Development Solutions Champion
- 2022 Inclusive Finance Award by the Asian Development Bank
- Selected as one of the “2022 Exemplar Organizations of National Agricultural Socialised Service” by the Ministry of Agriculture and Rural Affairs



Sustainability Strategy & ESG Key Performance Indicators (KPIs)

ESG KPIs as of Q3 2023

Supporting the Rural Community, Farmers and Agricultural Activities

- Provide inclusive products and services to rural small and micro clients, help increase their income and enhance their risk resistance.
- Provide financial services, agricultural inputs and technical support to improve agricultural productivity and contribute to sustainable agricultural development.
- Provide financial and capacity building services to women in rural areas, help them participate in economic decision-making and production activities, and improve family and social status.



Cumulative loan amount:
139 billion RMB

Rural loan client percentage: **89%**

Female loan client percentage: **69%**

Agricultural loan percentage: **49%**

Est. chemical fertilizers reduction: **2100 tons**

Promoting Green Production Living and Business Operation

- Promote the use of clean energy such as solar and air-source heat pumps in rural areas.
- Provide financial and technical support for responsible production and consumption, improve climate change mitigation and adaptation capabilities.
- Reduce company carbon emissions and raise employee awareness.



Rooftop solar installed capacity: **10MW**

Conversion from coal to electricity enabled for: **1500 rural households**

Est. emission reduction from new energy products and services: **12000 tons CO2-eq**

Creating a Positive Corporate Governance Ecosystem

- Improve corporate governance and effectively manage internal ESG risks.
- Protect the rights and interests of employees, provide equal employment and development opportunities, and support female leadership.
- Build a responsible supply chain.



Continuously improve and uphold good corporate governance practices, incl. supplier business ethics and labor rights

% of female employee: **49%**

% of female senior management: **44%**

% of employees at or below county level: **88%**

Recognising sustainability is a journey, Chongho Bridge is adopting a progressive approach. The company will seek to improve the breadth and depth of disclosures on sustainability-related performance and targets.