Azalea

SUSTAINABILITY REPORT 2023

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Message from our CEO

Our world today presents a complex and rapidly evolving macro environment. In the past year, inflation and interest rate rises led to instability in the financial markets, causing investors to grapple with an economic climate characterised by disruptions and uncertainties. Geopolitical tensions continue to persist, and rapid technological developments and digital transformation raise concerns about privacy, cybersecurity, and the ethical application of AI and automation.

The COVID-19 pandemic in the not-too-distant past presented a stark contrast between the haves and the have-nots. The spectrum of socio-economic impacts ranged from access to medical treatment and education to affected employment income and other human needs. Similarly, a disorderly climate transition could also create an imbalance in the costs borne by different communities, with the burden being disproportionately higher in lower-income and marginalised societies .

Investing in businesses that solve global challenges and integrate inclusive principles can drive the process of future-proofing sustainable growth. Environmental, Social and Governance ("ESG") oriented investing offers a rare opportunity for alignment between all stakeholders as governments continue to place higher emphasis on growing sustainable industries. McKinsey observed in their recent Global Private Markets Review that sustainable investing saw a meteoric rise in 2022, with $24 billion raised for ESG-focused fundraising in just the first half of the year[1]. Sustainability-oriented deals increased by 7% to reach almost $200 billion, remaining resilient to the challenges affecting other asset classes[2].

Private Equity (PE)'s capabilities and business model present clear advantages in ESG-oriented investments. PE managers are known for their established due diligence practices and merit-based evaluation when selecting investment opportunities. They typically invest for control and are well-positioned to drive substantial operational and ESG changes in the underlying portfolio companies.

Investing with a long-term horizon and incentivized to ensure alignment, PE managers are often committed to achieve their mandates and ESG targets. According to PwC's latest Global Private Equity Responsible Investment Survey, value creation is the top driver for ESG activity in PE, highlighting the enormous potential of ESG investments in growing returns for PE portfolios[3]. As such, PE presents unique opportunities and is strategically positioned to take the lead in sustainability.

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> Investing in businesses that can solve global challenges to drive sustainable growth

Azalea started in 2015 with a mission to broaden investor access to private equity. As a product developer, manager, and long-term investor, we are steward of assets for many stakeholders. We carry a responsibility to address issues that are fundamental to assuring value and that can enhance the likelihood of resilient returns. Creating a lasting positive impact for all our stakeholders means selecting PE managers that have strong governance structures, minimise exposure to risks and maximise value to society.

We recognise the pivotal role ESG factors play in shaping long-term sustainability and value creation, with the landscape swiftly adapting to keep pace with these changing priorities. Demand from stakeholders and regulatory frameworks are driving innovative approaches to ESG integration, reflecting a broader understanding of the interconnectedness between financial performance and sustainability.

We continue to stay agile, proactive and responsive to the evolving ESG ecosystem. By embracing this evolving journey, we are staying ahead of the curve, adapting to new challenges and seizing opportunities for positive change. Our like-minded partners, Singlife and NUS Endowment share with us the same philosophy and commitment to sustainability and social responsibility. We convey our appreciation for the support given by the two institutions.

With this report, we take the opportunity to reflect on our sustainability journey, and we hope it provides an overview of our efforts in this area.

Margaret Lui
Chief Executive Officer

1. McKinsey Global Institute, January 2022. Retrieved from "The Net Zero Transition" report obtained from the website at https://www.mckinsey.com/capabilities/sustainability/our-insights/the-net-zero-transition-what-it-would-cost-what-it-could-bring last assessed on 02 August 2023.
2. McKinsey, March 2023. Data about ESG-focused fundraising and sustainability-oriented deals from "McKinsey Global Private Markets Review 2023", obtained from the website at https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/mckinseys-private-markets-annual-review last assessed on 02 August 2023.
3. PwC, July 2023. Data about value creation from "PwC Global Private Equity Responsible Investment Survey 2023", obtained from the website at https://www.pwc.com/gx/en/services/sustainability/publications/private-equity-and-the-responsible-investment-survey.html last assessed on 02 August 2023.

Message from our Head of ESG

Sustainability is no longer a choice today – it is a strategic necessity to ensure that our world remains habitable for future generations. Extreme climate events, the COVID-19 pandemic, and heightened socio-political tension are some of the key factors that have reinforced the need for corporate accountability and a focus on certain ESG issues for both investors and companies alike.

ESG-oriented investing experienced remarkable developments in recent years as investors begin to recognise the value in incorporating ESG insights with traditional investment models to make better investment decisions.

At Azalea, we know that capital has an essential role to play in shaping the environment, society, and the future viability of our communities. With this in mind, we seek to innovate products that allow investors to gain insights into best ESG practices and directly participate in the fast-growing ESG space. As such, we expanded the Altrium platform and launched our inaugural ESG focused fund, the Altrium Sustainability Fund I ("ASF I") last year. The fund presents an opportunity for like-minded investors to build an ESG-focused investment portfolio which seeks to achieve positive environmental and social outcomes alongside PE financial returns.

We are also fully committed to operating with integrity, public-mindedness and transparency as central tenets of our firm's culture and our investment products. We recognize that strong corporate governance aligns the interests of management and our stakeholders. This year, we sent a survey to over 35 managers across our enterprise portfolio of investments to assess the depth of their environmental risk management practices and find out what type of climate-related metrics and targets they have set for their portfolio companies. This survey forms an important part of Azalea's post-investment ESG monitoring, providing us with an opportunity to engage with the managers on their practices. We are pleased that more than 80% of the managers who responded to our survey have assessed their ESG integration efforts as mature and having high impact, and that there is a high level of ESG awareness in their organisations.

Measuring and analysing ESG data helps us determine where to focus our capital and resources on sustainable investing. Such analyses will help us identify any potential risks and opportunities in our portfolio. Whilst Azalea is contributing to various PE industry-led efforts across the globe to measure and report on PE investments' environmental impact, we have also chosen to invest in data sources and technology to estimate the financed Greenhouse Gas emissions in our portfolio over the next 12-18 months, thus establishing our baseline carbon footprint. Harnessing data and technology give us the opportunity to benchmark, differentiate and position our portfolio to be more resilient to climate risks and take advantage of opportunities that align with the just energy transition mega trend.

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> Sustainability is no longer a choice today – it is a strategic necessity

To this end, we are excited to witness the formation of the International Sustainability Standards Board ("ISSB") in 2021, and the publication of two new standards IFRS S1 and IFRS S2 in June 2023. The new standards have established a level of depth, rigor and consistency that sets the global baseline in sustainability disclosures. They will help to improve trust and confidence in company disclosures about sustainability and in turn allow investors to make better informed investment decisions.

We believe that advancing our ESG agenda can only be done via an industry-wide effort and collaboration. Therefore, we actively support and commit to various responsible investing principles and ESG initiatives in our industry, such as the PRIs and Singapore Stewardship Principles, and being a member of the Global Impact Investing Network. We also recognize the urgent need for standardization of ESG metrics and mechanisms for comparative reporting in the PE industry and have signed up to the ESG Data Convergence Initiative to contribute to this effort and encourage our managers to report to the agreed set of metrics. Through these partnerships and engagement efforts, we aim to harness our role and capital to advocate for advancement of the ESG agenda, share and learn best practices from each other.

We look forward to working with you as we continue to expand on our ESG commitment.

Alisa Chhoa
Managing Director,
Head of ESG and General Counsel

About Azalea

At the heart of Azalea is our mandate of promoting financial inclusiveness in private equity

astrea

altrium

>100

Institutional Investors

~40

Institutional Investors

>60,000

Retail Investors

>800

Accredited Investors

US$9bn

Asset Under Management

~110

Fund Manager Relationships

~280

Fund Investments

We put a lot of thought into designing investment products that are suitable for individuals and institutions alike.

The Astrea Platform[1] enables investors to invest in a bond backed by cash flows from a diversified portfolio of PE funds.

The Altrium[2] Platform offers institutions and accredited investors more direct equity participation, with different strategies to suit their risk-return preferences.

As steward over assets under management of US$9 billion, how we invest matters. Advocating for active management of ESG factors across more than 110 fund manager relationships, we strive to build robust investment portfolios that deliver long-term value and enduring returns through our commitment to responsible investing.

Azalea's office is located at Guoco Tower, a BCA Green Mark Platinum and LEED Platinum certified development. The various eco-friendly features promote high standards of energy and water efficiency, with green open spaces to encourage healthy living

1. A series of investment products based on diversified portfolios of private equity funds
2. A private equity fund product that allows investors to gain access to quality private equity funds globally
3. All data are as of 30 Jun 2023

OUR COMMITMENT TO SUSTAINABILITY

Azalea's commitment to sustainability is reflected in our investment process as well as the way we manage our business

Responsible Investing and ESG practices at Azalea

Pre-Investment

Pre-Investment Due Dilligence

- Screening
- Exclusions
- Financial, Operational & ESG due dilligence

Pre-Investment

Investment Decision

- Investment Committee Approval

Pre-Investment

Deal Closing

- Excusal Rights

Post-Investment

Ongoing Monitoring

- Monitoring Tools
- Manager Engagement

As a fiduciary for our investors who entrust us to manage their assets, it is crucial for us to ensure the resilience of the investment portfolios that we curate. ESG considerations are therefore integrated over the entire investment lifecycle

Pre-investment

We place significant emphasis during pre-investment due diligence to:

1. ensure our capital is not deployed in industries that contravene our ESG principles and beliefs
2. assess the ESG maturity levels of our managers and report the findings in our investment memos for full deliberations, and
3. make sure our managers report on key ESG metrics and material ESG incidents.

Post-investment

After completing our investments, we continue to monitor the manager's commitment to ESG integration and their ESG practices on an ongoing basis.

We engage our managers regularly to understand their best ESG practices.

We are pleased to report that there are no material ESG incidents over the last 12 months.

Responsible Stewardship

As stewards of our investors' funds, we hold ourselves and our managers accountable to principles of sound governance and stakeholder alignment

Operational Due Diligence

Good governance can be achieved by having a system of checks and balances within the organisation. To better ensure that Azalea selects and invests with quality managers that are aligned with our standards of accountability towards investors and their funds, Azalea implements an Operational Due Diligence process for all potential investments which serves as a vital independent check to complement our investment process to ensure that our investments have good principles of governance in place.

Industry Collaboration

Azalea believes that addressing sustainability challenges requires collective action. We partake in collaborative efforts, partnering with organizations, industry leaders, and stakeholders to drive positive change.

Through these collaborations and initiatives, we aim to contribute to the development of responsible investment and stewardship standards, network with industry partners and share best practices. We understand that our actions reverberate beyond our organization, impacting the wider ecosystem in which we operate. Therefore, our commitment extends beyond compliance, emphasizing proactive engagement and thought leadership with our stakeholders. We affirm our dedication to the integration of ESG principles through our commitment to these associations.

SSP SINGAPORE STEWARDSHIP PRINCIPLES FOR RESPONSIBLE INVESTORS

In support of good governance and sound investment stewardship, we signed with the Singapore Stewardship Principles for Responsible Investors ("SSP") and agree with the spirit and principles articulated in the SSP.

Signatory of:

PRI Principles for Responsible Investment

Azalea is a signatory to the United Nations Principles for Responsible Investment ("PRI"). Signatories commit to the incorporation of ESG factors into investment and ownership decisions to enhance returns and better manage risks.

ESG Data Convergence Initiative

To address the ESG data scarcity and standardization challenge, Azalea has committed to the ESG Data Convergence Initiative ("EDCI"), an industry-led initiative which aims to streamline the private investment industry's historically fragmented approach to collecting ESG data.

GIIN GLOBAL IMPACT INVESTING NETWORK

To gain perspective in impact investing, Azalea joined as a member of the Global Impact Investing Network ("GIIN"). Our membership signifies a commitment to deepening our engagement in the impact investing community.

ESG in Action

Promoting Financial Inclusiveness and Investor Education

Central to our mandate, we promote financial inclusiveness through the products we develop for a wider investor group. As an extension to our core mandate, Azalea is committed to investor education.

We firmly believe that investors should understand the products and the related risks and rewards in order to make sound investment decisions. Through regular engagements at investor seminars and public forums, we aim to educate investors on private equity and the private equity-based products that we develop. Our outreach includes explainer videos, teach-in sessions and making our reporting material publicly accessible through our website and social media channels.

Off-setting Our Operational Carbon Footprint

Our team is committed to reducing our operations' impact on the environment with various green practices, starting with initiatives to measure our carbon and water footprint. To date, we have supported carbon credit development projects through Climate Impact X, whose projects aim to preserve and protect wildlife and nature biodiversity, prevent deforestation and contribute meaningfully to socio-economic initiatives implemented by the project developers.

Promoting Community Engagement

We also support various community development initiatives in areas such as education, healthcare services, the migrant community and rehabilitative enterprises. Our volunteering and giving programmes seek to reduce hunger, promote health and well-being as well as encourage decent work and economic growth.

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AZALEA'S APPROACH TO CLIMATE CHANGE

The scientific evidence that climate change is really happening is indisputable

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Risks...

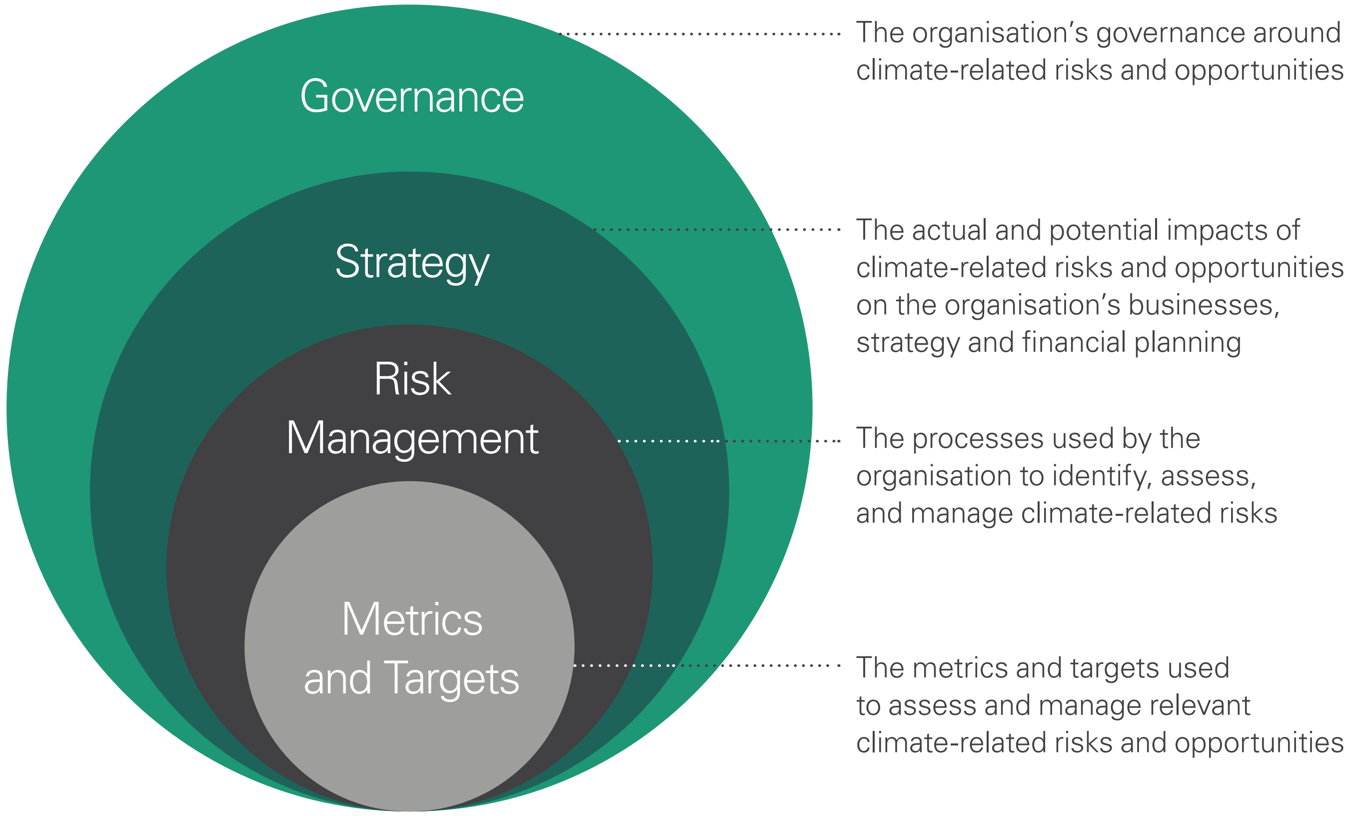
Rising temperatures are causing a multitude of fires, heat waves, droughts, storms, and flooding, impacting human activities such as agriculture and affecting labour productivity, health and mortality. Avoiding the worst of climate change will mean drastic action that has its own economic impact on factors of production and prices of goods and services.

Everyone has a part to play in responding to the climate challenge. Financial institutions can direct capital towards supporting decarbonisation efforts. To support efficient capital allocation, accurate and timely disclosure of information is needed to price both financial risks and opportunities. The Task Force on Climate-Related Financial Disclosures ("TCFD") designed a set of disclosure recommendations to meet this purpose.

TCFD disclosure recommendations are structured on four core areas that are representative of how companies operate: governance, strategy, risk management and metrics and targets. By building out this framework, investors and other stakeholders gain an understanding of how an organization thinks about climate-related risks and opportunities.

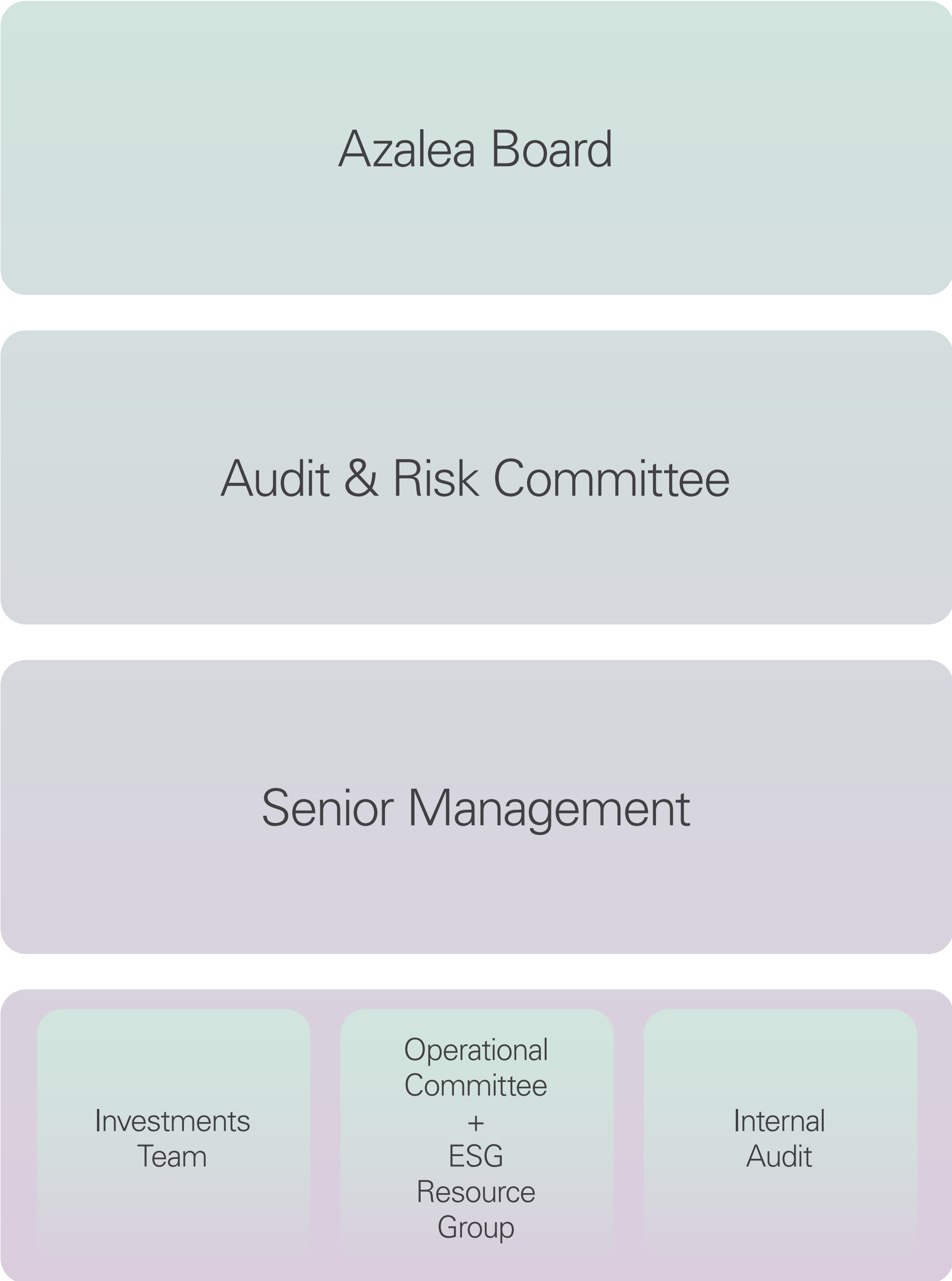
Azalea is pleased to share our approach to managing climate-related risks and opportunities by aligning our report to TCFD's four pillars of Governance, Strategy, Risk Management and Metrics and Targets

...and Opportunities



Governance

Governance and management of climate issues at Azalea



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Azalea Board

The overall responsibility for risk, including environmental risk, sits with the Azalea Board ("Board").

The Board approves Azalea's overall strategy, risk framework and policies. In 2022, the Board discussed and approved Azalea's ESG strategy, which encompasses our investment strategy, our product offering, our climate-related risk management, and business plans. The Board is advised by the Audit and Risk Committee and receives regular updates from the Management team.

Audit & Risk Committee

The Audit & Risk Committee ("ARC") reviews and endorses Azalea's risk tolerance and risk profile. ESG risks, including climate risks, are considered under the Enterprise Risk Management Framework.

The ARC oversees the adequacy and effectiveness of Azalea's risk management and internal controls. Azalea keeps its ARC apprised of its ESG risk identification, assessment, monitoring and response approach.

Senior Management

The Senior Management team ensures that the ESG strategy aligns with the business strategy as well as risk appetite by:

- Setting the tone through Azalea's Investment Management policy and ESG Policy
- Establishing an ESG Resource Group to promote ESG best practices
- Integrating ESG considerations throughout the investment process
- Equipping respective teams with tools and resources to identify, assess and monitor exposures to ESG risk and opportunities

3 Lines of Defence

Utilising our 3 Lines of Defence in risk management, our Investment Team, as the first line of defence for Investment Performance risk, incorporates ESG analysis, including climate-related risks and opportunities, throughout the deal cycle. The Investment Team is supported by the ESG Resource Group ("ERG") that assists with the ESG analysis during the due diligence stage and post-investment monitoring, including assessing any ESG incidents reported by any fund manager in the Azalea portfolio.

The ERG is also responsible for driving improvements to Azalea's responsible investment and ESG management activities. The team keeps abreast of market and regulatory developments to share learnings with the wider team as well as ensure that processes are in place to meet requirements. The Operational Committee reviews the results of operational due diligence conducted and provides independent comment and challenge. The financial, operational and ESG analysis is then presented in an investment memorandum for approval by an Investment Committee.

Finally, internal audit, as the third line defence, independently assesses whether key risks have been identified and reported. They also assess the adequacy and effectiveness of internal controls.

Strategy

Climate-related risks and opportunities facing Azalea and its investment portfolios

As we witness the increasing frequency and severity of extreme weather events that are already happening today, Azalea recognises that climate change is and will continue to be a material consideration for our investment portfolios and consequently our business.

The TCFD divides climate-related risks into two major categories:

Transition risks

Related to the transition to a lower-carbon economy

Physical risks

Related to the physical impacts of climate change. Such physical risks can be event-driven (acute) or arise from longer-term shifts in climate patterns (chronic)

The financial impact of such risks and opportunities on our investment portfolios is dependent on many factors, including sector and geographical exposure, and time horizon. The evolution of climate policies, decarbonisation technologies and the level of commitment and cooperation at all levels, can have significant sway over investment outcomes.

As a fund-of-funds platform, we have no direct access to the underlying portfolio companies' climate-related data such as carbon emissions, unsustainable energy practices and vulnerability to extreme weather events, making it challenging to quantify the financial impact of climate transition and physical risks and opportunities over various time horizons.

We believe that the transition risks described in the table below could have potential financial impact on our investment portfolio in the short-term[1]. Correspondingly, physical risks are less relevant as there are no direct holdings in real assets in our portfolio. To the extent that information on physical risks is reported by our underlying fund managers, we aim to make disclosures where such information is assessed to be financially material to the portfolio.

Transition Risk Type	Description of Risk	Potential Financial Impact
Policy and Legal		
Carbon pricing and reporting obligations	Increased carbon pricing in the form of carbon taxes or carbon pricing mechanisms	Higher operating costs for carbon intensive businesses
Mandates on and regulation of existing products and services	Restrictions or punitive regulations on existing products and services or incentivisation of low carbon alternatives	Impairment or write-offs of existing assets due to policy changes Increased costs and/or reduced demand for products and services
Technology		
Substitution of existing products and services with lower emission options	Reliance on fossil fuel energy sources for products and services	Reduced demand for products and services Impairment or write-offs of existing assets
Costs to transition to lower emissions technology	Shift to renewable energy or new technology for improved energy efficiency and lower carbon emissions	Research and development costs Capital expenditure and cash to invest in infrastructure and equipment
Market		
Changing consumer behaviour	Inability to adapt to consumer preferences for green or sustainable products and services	Reduced demand for goods and services Changes in asset or investment valuations
Increased cost of raw materials	Higher prices of in-demand factors of production for transition to low carbon economy	Higher costs of production or operations Abrupt changes in energy costs
Reputation		
Stigmatisation of sector and/or negative stakeholder feedback	Arising from inadequate climate action and/or poor carbon performance indicators	Stranded assets Reduction in capital availability and financing

1. The short-term refers to the time horizon from now till 2030 as we believe that the trends that develop during this period will indicate the momentum of climate transition. These trends are driven by the Paris Agreement[2] and Nationally Determined Contributions[3]
2. The Paris Agreement is a legally binding international treaty on climate change adopted by more than 190 countries. Its goal is to limit the increase in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C
3. Nationally Determined Contributions ("NDCs") are countries' self-defined climate action plans to reduce national emissions and adapt to the impacts of climate change. A "global stock take" will take place in 2023 and every 5 years thereafter to assess collective progress towards the goals of the Paris Agreement

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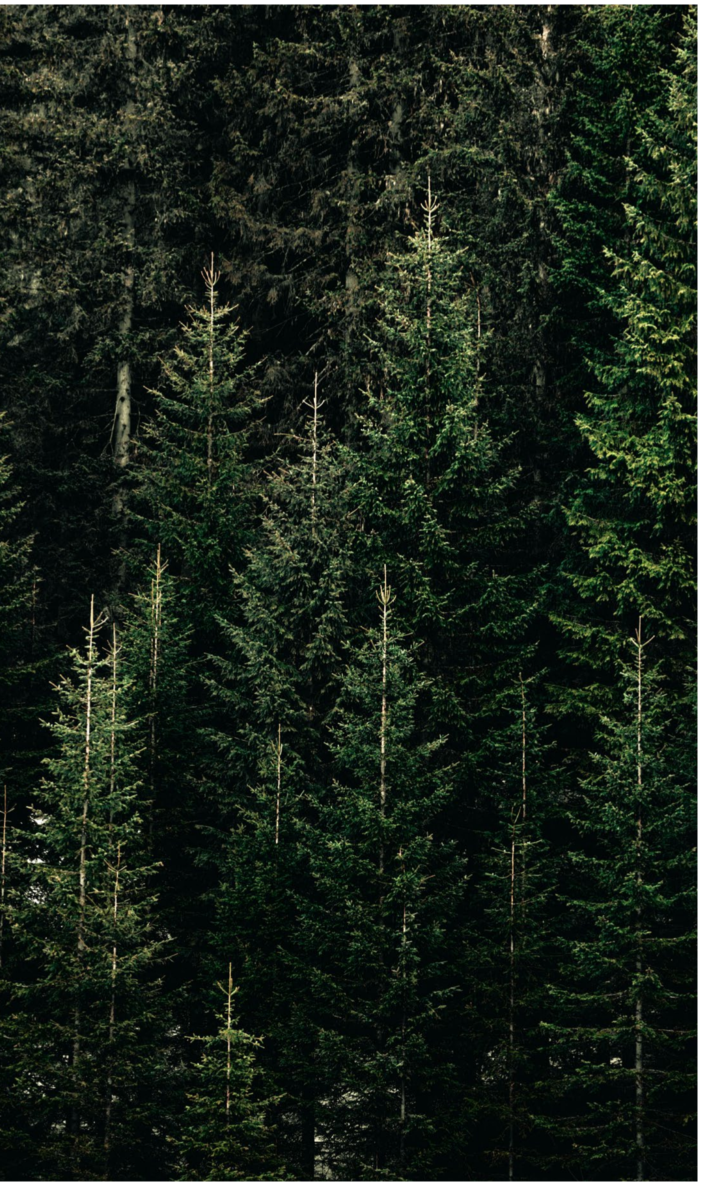
Strategy (Cont'd)



Changes in climate-focused policies, technological and market developments present both investment risks and opportunities. Businesses that are unable to transition to a low-carbon economy may see their profitability and growth impaired. This can have a material impact on the valuation of the investment portfolios we manage.

On the other hand, businesses that successfully mitigate and adapt to climate change can potentially produce substantial opportunities for investors. Climate-related opportunities may take the form of resource efficiencies leading to cost savings, adoption of low-emission energy sources, access to new markets, development of products and services that cater to consumer demands and/or build resilience along the supply chain.

As investment manager, product developer and investor, climate change factors feature consistently in our portfolio construction, our product offering and our investment process.

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Our strategy for managing climate-related risks and opportunities

Manager Selection

We assess how underlying fund managers manage climate change risk and opportunity and we select managers that invest with sustainability in mind. We expect that selected managers will work towards best practices in climate risk mitigation and capitalise on value creation. Through regular engagements, we endeavour to encourage quality climate disclosures that further informs our manager selection strategy.

Research

We monitor policy developments and changes in market preferences to better assess portfolio exposures and guide portfolio construction.

We aim to undertake ESG thematic research to explore and source investment opportunities that could stand to benefit from mega trends over the medium to long term.

Industry Collaboration

A fair transition to a Net Zero economy whilst maintaining economic growth can only be done via an industry-wide effort and collaboration. Through continued industry collaborations, we engage with subject matter experts and peers to share and learn best climate management practices from each other.

Data and Analysis

Understanding the carbon intensity of different operations could provide further insights into climate-related risks and opportunities, such as how carbon prices might impact a company's bottom line.

Our goal is to be able to track the carbon emissions across our investment portfolios. However, we recognise that our underlying fund managers are at varying stages of quantifying the environmental impact of their portfolio companies. We have therefore chosen to invest in data sources and technology that enable us to estimate the financed emissions of our portfolio thus establishing a baseline carbon footprint.

From here, we plan to monitor trends, develop benchmarking capability and eventually be in a position to describe the resilience of our firm's strategy through climate scenario analysis

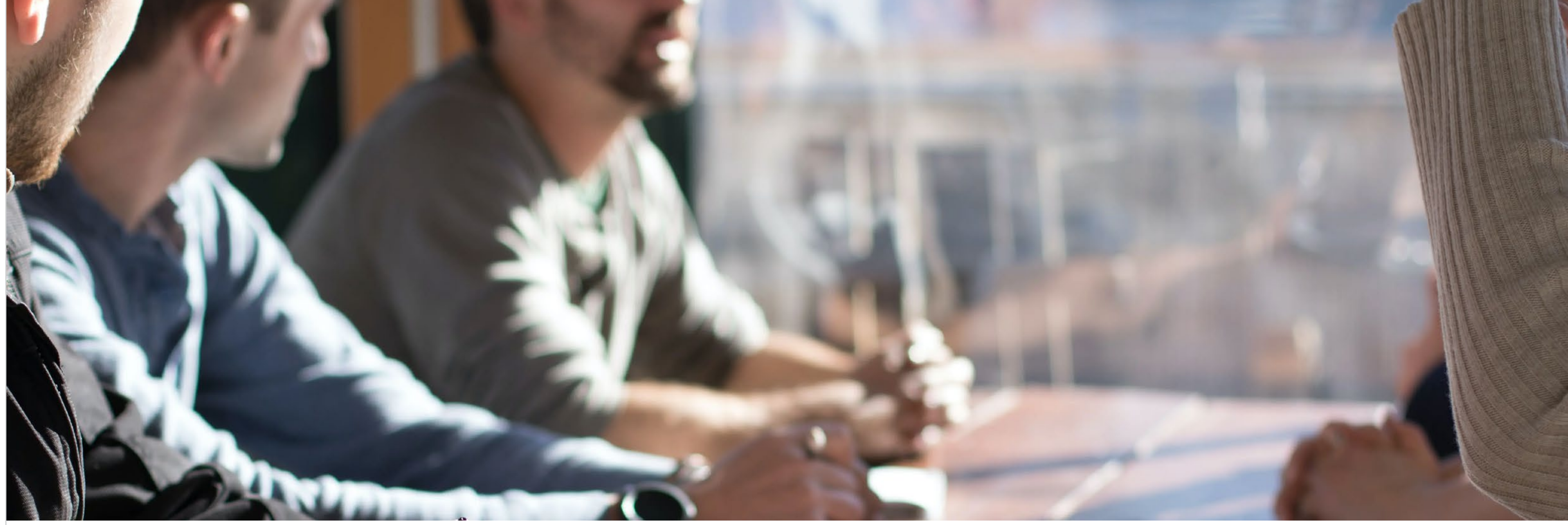
Risk Management

We leverage on our Enterprise Risk Management Framework to identify, assess, and manage climate-related risks alongside all other risks

Climate-Related Risks Integrated into Overall Risk Management

Our overall approach to risk identification considers the evolving regulatory and legal landscape, product, and business changes as well as industry developments such as disruptive technology and changes in the market.

All risks are assessed based on likelihood and materiality parameters which examines the possible extent of financial loss, reputational damage, and degree of operational impact.



Azalea's Process For Identifying and Assessing Climate-related Risks

We identify and assess how our managers manage climate-related risks by looking at several factors:

Screening & Assessment of Material Issues

- We use RepRisk[1] to screen for any past environmental or reputational issues
- We assess the managers' strategy for potential exposure to material climate-related risks

ESG Due Diligence

- We review the managers' ESG and/or climate policies and assess their commitment, resources and capabilities to implement sound ESG practices
- This would include evaluating their level of involvement with underlying portfolio companies, assessing how they handle and report material issues and their approach to mitigating risks and taking remedial action

Azalea's Process For Managing Climate-related Risks

Ongoing Monitoring

- Post-investment, we continue to screen for material issues and raise potential ESG issues for discussion at portfolio monitoring meetings
- We review our managers' ESG and/or TCFD reports to monitor the overall risk profile of our investment portfolios
- We conduct surveys on our managers to better identify, assess and manage climate-related risks in our portfolio

Reporting

- We have also recently invested in new data sources[2] and technology to help us estimate our portfolio's financed carbon emissions
- We will utilize both quantitative and qualitative means to engage relevant managers on potentially material climate issues
- Our investment team is responsible for addressing any material risks identified and our investors will be informed through existing reporting channels

1. RepRisk uses AI and machine learning to screen over 100,000 public sources daily, and in 23 languages, to systematically identify any company or project associated with an ESG risk incident. Research scope applies to 6 environmental issues (Climate change and GHG emissions, Pollution (global and local), Impact on landscapes/ ecosystems/ biodiversity, Overuse and wasting of resources, Waste issues, Animal mistreatment)
2. Financed carbon emissions will be estimated using data by Burgiss and MSCI. Burgiss is a provider of data and analytics solutions for global investors of private capital. MSCI is a provider of critical decision support tools and services for the global investment community

Metrics & Targets

Our climate strategy involves establishing a baseline for the firm's operational as well as financed greenhouse gas emissions

Emissions Attributable To Our Operations

We have no Scope 1 emissions as we do not own, or control sources of direct emissions associated with fuel combustion (such as company vehicles) or maintenance of air conditioning and refrigeration systems in our office building.

Azalea's Scope 2 emissions relate to purchased electricity for our office.

Azalea's Scope 3 emissions primarily relate to business travel and employee commute.

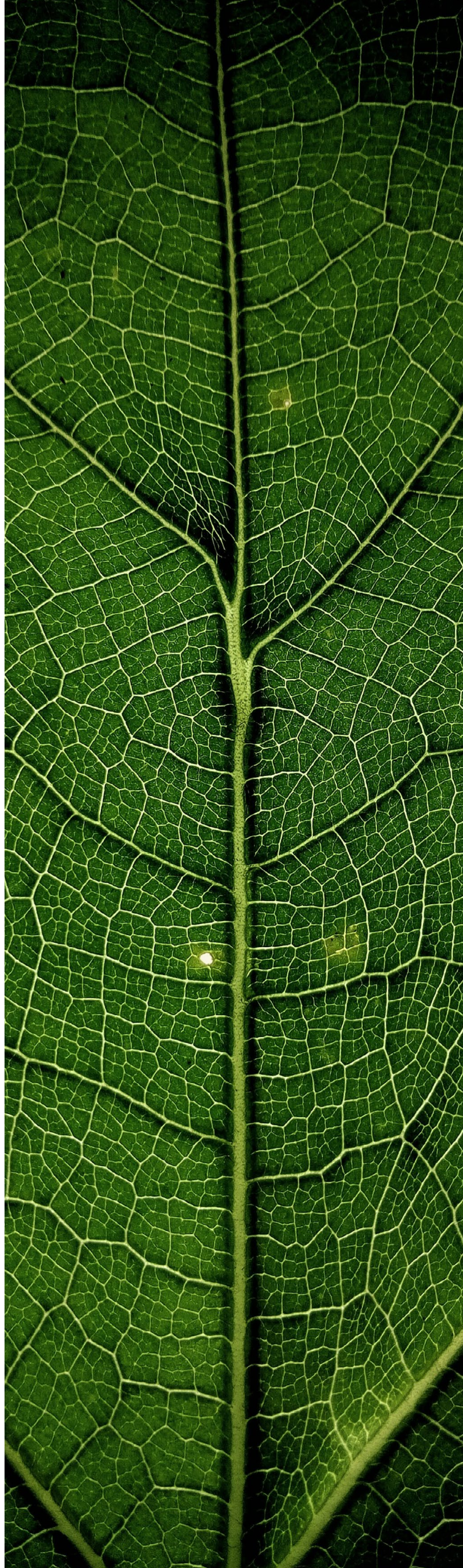
Scope	Category	2022 GHG Emissions (tCO_2e)
Scope 1	Direct emissions	Nil
Scope 2	Purchased electricity	12
Scope 3	Business travel[1]	363
	Employee commute[2]	7
Total		**382**

Emissions Attributable To Our Investment Portfolios

With limited carbon emission data available in the private markets currently, we have recently taken the approach of subscribing to data sources and technology that would enable us to estimate the financed greenhouse gas emissions and better understand the carbon footprint of our portfolio.

We plan to review the output in the coming months and develop analysis to determine the emission drivers in our portfolio thereby facilitating the assessment of carbon risk and identification of strategies that could benefit from decarbonisation.

More work is needed to identify carbon reduction pathways so that targets can be set for performance measurement. We will share our progress in this area in due course.



1. Business travel includes emissions from air travel, trains, taxis and accommodation during business travel
2. Employee commute for 2022 took into account flexible work arrangements where employees worked from home on certain days of the work week as part of workplace safe management measures during the COVID-19 pandemic

ALTRIUM SUSTAINABILITY FUND

Azalea believes that positive environmental and social outcomes can be achieved alongside private equity financial returns

Investing in ESG

Investors are increasingly recognising the importance of generating sustainable returns over the long term which depend on stable, well-governed social, environmental and economic systems

Azalea believes that private equity is uniquely positioned to lead the change that is needed to address the environmental and social issues of our time. PE managers are long-term investors and innate value creators. They are hence well-positioned to drive substantial changes such as the integration of ESG considerations and risk management in companies.

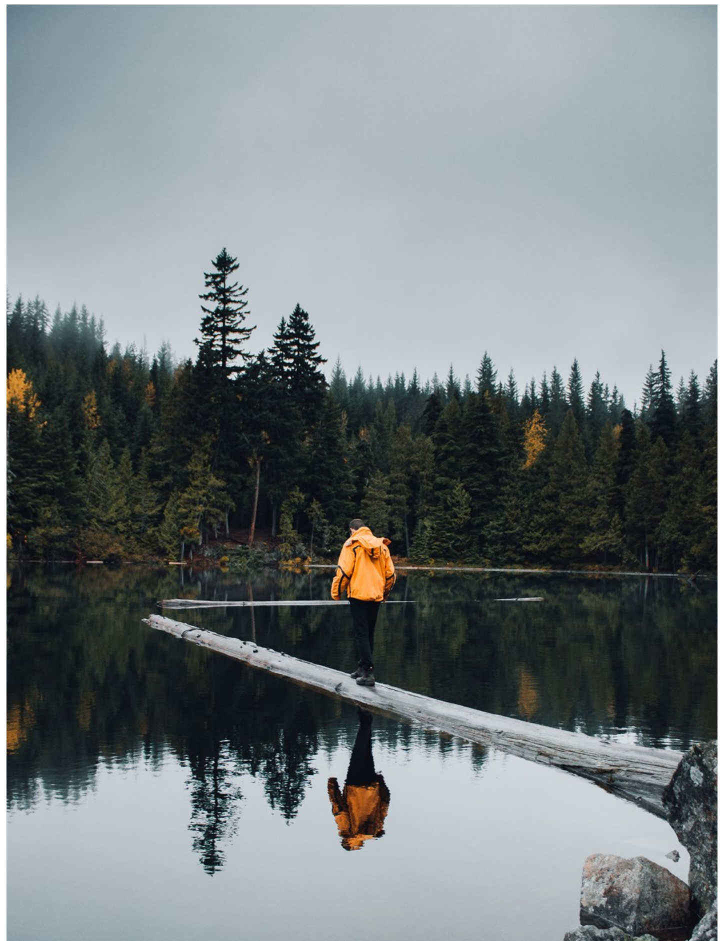
We thus believe that the time has come for asset owners and managers to mobilise their capital in a more intentional manner, by backing fund managers who can identify and grow businesses and have the deliberate mandate, using technical and technological knowhow to drive positive change to the environment and society at large.

About Altrium Sustainability Fund I

Altrium Sustainability Fund I ("ASF I") leverages Azalea's deep network and expertise in manager selection to identify and access quality ESG-focused and impact funds

altrium
SUSTAINABILITY FUND

ASF I will invest in funds that address pressing issues across five economic and social themes. Azalea will also select high quality managers that address the global challenges that are in line with the United Nations Sustainable Development Goals for the fund. The fund will focus primarily on buyout and growth strategies, leveraging on the expertise of these managers to generate PE market returns.



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ASF I CORE THEMES

Environmental

Climate

Contribute towards reducing global carbon emissions

Resource Management

Better manage resources and reduce pollution to preserve and sustain the earth

Social

Healthcare

Increase access to essential healthcare

Financial Inclusion

Improve availability and equality of opportunities to access financial services

Education

Tackle unequal access to education

The ASF I Portfolio

ASF I expects to achieve financial returns comparable with other PE fund-of-funds. The portfolio is constructed on a bottoms-up basis, depending on the availability of PE funds with established track records. To date, the fund has selected and invested with 5 managers with either a focus on addressing environmental or social matters through their investments, or generalists who demonstrate a high degree of ESG integration in their investment process, can mitigate risks effectively through management of ESG factors and are actively involved in building ESG processes and culture in their portfolio companies.

Main Impact		
Environmental	Social	ESG Generalist
Portfolio		
Ara Partners AMBIENTA	ARCHIMED VISTRIA	SUMMA EQUITY
Sustainable Development Goals("SDGs")		
		

ASF's Managers in Action

ASF I backs managers that have the strategy, resources and processes in place to deliver positive ESG outcomes alongside financial returns

Azalea uses a framework to select and monitor sustainability-focused managers on an ongoing basis which complements our existing process of identifying and monitoring managers that can demonstrate the means to generate investment returns.

The managers of ASF I are selected due to their strong performance against this evaluation framework from an organisational, process and reporting standpoint.

1 Organisation

Managers are assessed based on the level of ESG maturity and resources within their organisation, and the extent of employees' alignment with ESG-related KPIs

Being sustainability-focused, ASF I's managers generally exhibit strong ESG intent within their organisations. Most of these managers have mechanisms to align the interests of the staff and firm with their ESG-related performance.

- Ambienta implements specific ESG metrics which directly affects bonus and promotion decisions of staff

ASF I managers are thought leaders in sustainable investing, with most having earned their extensive experience by being early adopters and, in some cases, being established with sustainability in mind.

- The expertise of these managers are often shared with their stakeholders. Ambienta showcases their research insights through Ambienta Lens, a series of white papers addressing environmental trends across industries
- Summa hosts Summa & Friends, a podcast series with leaders and experts to discuss views and solutions to sustainability-related challenges

2 Processes

Managers are assessed based on the extent of ESG integration across their investment process. This also includes their approach to managing ESG-related risks in their portfolios, and the extent of their engagement with their portfolio companies to ensure ESG KPIs are met

ASF I's managers fare consistently well in terms of their impact measurement methodologies, which we found to be well-developed.

- Summa and Vistria have partnered established academia such as Harvard Business School and the University of Chicago respectively in the development and refinement of their frameworks

Portfolio companies are given support to ensure ESG performance against their KPIs. ASF I's managers have set climate-related targets for their portfolios.

- Ara, Summa, ArchiMed and Ambienta are working with portfolio companies to set science-based targets ("SBTs"). Ambienta has made a commitment to apply SBTs to all its portfolios across all asset classes by 2035

ASF I's managers are proactive in developing their ESG methodologies and knowledge.

- Ambienta, Summa and ArchiMed have started evaluating biodiversity impact arising from their investments, either by commissioning studies or with the help of external consultants

3 Reporting

Managers are assessed based on the quality and adequacy of their reporting and disclosures on ESG-related matters to investors

ASF I's managers make adequate disclosures regarding their ESG impact, often quantifying both impact and outcomes to demonstrate the additionality of their investments to investors.

- Ara discloses their emissions and waste reduction figures at aggregated portfolio level rather than across all its portfolios. Ara Fund II's investments reduced emissions by 196,752 tonnes CO_2e and waste generation by 129,330 tonnes in 2022

Some of our managers have gone the additional mile of using independent assurance to ensure the accuracy and credibility of reported impact figures to stakeholders.

- Summa engages BlueMark to provide an independent verification of their impact reporting approach and their annual impact reports, with PWC providing assurance to their disclosed Principal Adverse Impact indicators

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Case Study

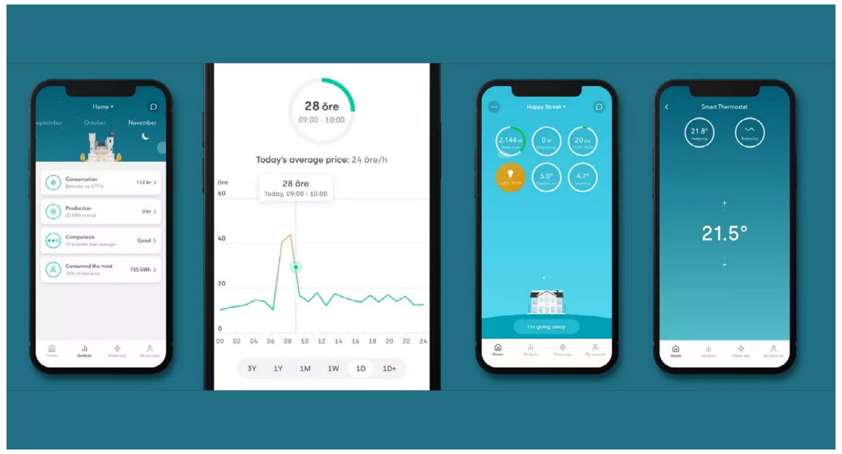
Company
Tibber

General Partner
Summa Equity

Geography
Norway,
Europe

SDGs

Source:
Summa Equity Portfolio Report 2022



Tibber is the first fully digital electricity supplier in the world that offers smart solutions to minimize their customers' consumption and costs. The company enables easy and affordable sustainable energy consumption for all households through their user-friendly app.

IMPACT RATIONALE

Tibber provides access to renewable energy and offers smart solutions and technology, providing real-time energy usage analytics that seamlessly integrates with various smart home devices, facilitating energy usage reduction at home and balancing the grid load.

Global energy production contributes to 87% of greenhouse gas emissions worldwide. Decarbonising this sector is vital for achieving global net zero commitments. While electricity represents only a portion of the energy mix, transitioning to clean electricity is essential since other major emission sources like transportation and heating pose more significant challenges in terms of decarbonization.

Thus, renewable electricity provision and electrification of the energy system are key pillars in decarbonising the economy.

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SUSTAINABILITY PRACTICES

Tibber's dedication to sustainability is well-recognized, earning them the title of the second most sustainable brand in Norway.

- Tibber has introduced product circularity with 100% of Tibber Pulse devices. This approach involves designing products and their components in a way that maximizes their lifespan, minimizes waste, and promotes recycling or reuse
- Tibber conducts Life Cycle Assessment for additional Tibber hardware, highlighting their commitment to environmental responsibility

ESG METRICS

Year	2022A
Share of Energy Purchase Covered by GO[1]	24%
Share of Customers with Solar Installed	6.6%

~400k customers in Norway, Sweden, the Netherlands and Germany have access to more effective and sustainable electricity consumption

1. Guarantees of Origin: Energy certificate labelling electricity from renewable sources

Case Study

natus®

Company

Natus Medical

General Partner

ArchiMed

Geography

United States, North America

SDGs

Natus is a leading medical device solutions provider offering medical equipment, software, supplies and services for the diagnosis, monitoring, and treatment of impairments and disorders affecting the brain, neural pathways, and eight sensory nervous systems.

IMPACT RATIONALE

Natus improves the quality of life of patients with disorders affecting the brain, neural pathways and sensory nervous systems by:

- Offering high-quality medical equipment for diagnosing, screening, and monitoring neurological and sensory disorders, elevating the standard of care and enhancing patient health outcomes
- Offering an extensive array of diagnostic and treatment products that bring efficiency gains to hospitals, enabling timely diagnosis and treatment of neuro and sensory disorders
- Expanding access to diagnostic and treatment solutions in all major markets

Source:
ArchiMed Impact Report 2022

SUSTAINABILITY PRACTICES

- Natus includes an ESG dashboard in their monthly reporting. The company is developing a roadmap with specific KPIs to address environmental risks
- Natus refurbishes products to enhance circularity and minimize waste whenever clinically feasible and appropriate
- The Natus Academies provide expert knowledge, clinical expertise, and accredited advanced education opportunities to over 18,000 registered members, enabling access to the latest scientific advancements in the field

ESG METRICS

> 40 million

newborns globally received hearing screening with Natus' ALGO AABR[1]

32.2 million

patients annually screened for epilepsy and other brain disorders with Natus' solutions

57 million

patients receiving a hearing assessment

1. Automated Auditory Brainstem Response

Case Study

Company
Axion Biosystems

General Partner
Summa Equity

Geography
United States,
North America

SDGs

3 GOOD HEALTH AND WELL-BEING
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Axion Biosystems is a global life science tools business with headquarters in the US, developing, producing, and marketing Bioelectronic Assay ("BEA") and live-cell imaging instruments for customers in biopharma and academia.

IMPACT RATIONALE

Axion enables multi-dimensional, interoperable live-cell analysis to improve drug discovery and development and drive breakthroughs in cell and gene therapies. This leads to faster, more accurate and more cost-efficient drug discovery and development for precision medicine.

Improved tools are able to precisely target diseases and enable researchers and biopharma to better understand cell function, allowing patients to benefit from breakthroughs in treatment developments.

Source:
ArchiMed Impact Report 2022

SUSTAINABILITY PRACTICES

- Axion is committed to Science Based Targets and received target validation in April 2023. The company aims to reduce scope 1 and scope 2 GHG emissions by 42% by 2030 (compared to 2022) and actively measure and minimize its scope 3 emissions
- The company plans to improve board gender diversity towards 40%, with the target to achieve this during 2023

ESG METRICS

Year	Number of Publications	Healthcare Funding Affected (€ bn)	Number of Experiments Ran
2026E	**406**	**50**	**1,974,000**
2022A	178	22	790,000
2021A	158	12	652,000
2020A	92	12	456,000

ESG is not a destination

Today is only the start of an ongoing journey that collectively we can work towards a more sustainable future for all

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