



Azalea

SUSTAINABILITY

REPORT

2024

Table of Contents

Introduction

- 04 Message from our CEO
- 06 Message from our Head of ESG

Feature Article

- 08 The Energy Transition

Our Commitment to Sustainability and Climate

- 18 Our Approach
- 20 Governance
- 22 Strategy
- 34 Risk Management
- 36 Metrics & Targets

Annual Manager Survey

- 42 Introduction to Survey
- 44 Survey Results

Altrium Sustainability Fund I

- 54 About ASF I
- 56 Curating the ASF I Portfolio
- 58 Manager Spotlight (“HitecVision”)

Spotlight on ASF I Portfolio Companies

Environmental – Transition to a low-carbon economy

- 62 Continuum
- 64 CycleØ
- 66 Previero

Social – Pursuing healthy lives

- 68 Logpoint
- 70 PlasmidFactory

Azalea In The Community

- 74 Promoting Financial Inclusiveness and Investor Education
- 75 Giving Back To Our Community

About Azalea

Azalea’s mandate is to broaden private equity (“PE”) access to a wider investor base.

As an investor, Azalea strongly aligns our interests with investors by committing a significant amount in our products as Sponsor.

As a developer, we continuously create new platforms and products that are thoughtfully structured, robust and scalable for the long-term, to ensure suitability for our target investors.

As a manager, besides investing and managing portfolios, Azalea is committed to investor education and promoting financial literacy.

The Astrea Platform¹ enables investors to invest in investment-grade rated PE bonds backed by cash flows from diversified portfolios of PE funds. Driven by Azalea’s strong sense of purpose for financial inclusiveness, the Astrea Platform has become the largest retail bond program in Singapore, providing quality investment choices for retail investors.

The Altrium Platform² offers institutions and accredited investors more direct equity participation, with different strategies to suit their risk-return preferences.

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

Message from our CEO



Margaret Lui
Chief Executive Officer

Welcome to the second edition of our annual sustainability report. In this year's report, we are placing a specific focus on energy transition as we see recent significant macro developments have started to shape this investment landscape. The shift to renewable energy and electrification is not only key to combat climate change through the reduction of greenhouse gas emissions in its production and downstream use, but also to solving the global challenges of energy security and equity. In our energy transition feature piece, we delve further into the opportunity set across the energy transition value chain.

Over the last twelve months, we have observed the economics and politics of climate transition

becoming increasingly intertwined. Global instability, including wars in Ukraine and Gaza, have caused conflict-driven spikes in fossil fuel prices and supply chain disruptions. The European Union ("EU"), keen to end their reliance on Russian fossil fuels, are seeking to secure their energy needs by first saving energy, diversifying supplies, and accelerating the production of clean energy.

At the same time, continuing inflationary pressures and high interest rates carried over from 2022 into 2023 threaten the renewable energy sector with escalating raw material prices and increasing funding costs. On the other side of the Atlantic, U.S. President Joe Biden enacted a landmark climate bill, packed with financial incentives to defray such costs and triple U.S. clean energy production. The American Clean Power Association reported that there have been more clean energy investments in the year since the Inflation Reduction Act was passed than in the previous eight years put together¹.

Against the backdrop where 2023 was on track to be the hottest year on record (now confirmed by The World Meteorological Organisation as of 12 January 2024), global cooperation pulled through at the 2023 United Nations Climate Change Conference. The world agreed to transition away from fossil fuels, reduce methane,

Private capital driving transformative investments for a sustainable future

triple renewable energy generation and double energy efficiency improvements by 2030.

Global commitments like these coupled with significant grants or incentives from governments into climate solutions, are the sort of policy signals that attract investors' capital. This is an exciting time in history - where the demand for low-carbon energy and a more sustainable global economy is creating significant opportunities. 2030 has often been cited as the year when climate changes become irreversible if carbon emissions are not reduced by 50%. The decade for capital deployment into infrastructure, scaling technologies and innovation, investment in skills and knowledge is here and now.

Private capital has a role to play in this journey. The International Energy Agency estimates that investment in clean energy needs to reach \$4.5 trillion per year by 2030, roughly 2.5 times the 2023 investment levels, which stood at \$1.8 trillion. This significant funding gap still leaves plenty of room for the private markets to support the net-zero future.

The California Public Employees' Retirement System recently announced its \$100 billion commitment toward climate solutions by 2030 and the New York Common Retirement Fund aims to double its commitment to \$40 billion by 2035, targeting sustainable investments. On the

supply side, established PE managers have been broadening their offerings with energy transition funds. Brookfield Asset Management raised \$15 billion for its Global Transition Fund in 2022 and \$10 billion on its first closing for its successor fund. Meanwhile, "amidst an unprecedented opportunity", Apollo has narrowed their mandate for Clean Transition Equity Partners II to focus exclusively on climate equity investments, pursuing a \$50 billion fundraising target.

Our Altrium Sustainability Fund ("ASF") aims to be part of this transformation by enabling directed and specific participation in this space, mobilising capital towards solutions that solve pressing environmental and social challenges. In our Altrium Sustainability Fund section, we cast a spotlight on HitecVision, one of the PE fund managers in the portfolio, as a fitting example of a manager that is leveraging on their technical expertise to pivot to a new energy era.

As the rest of 2024 unfolds, climate and ESG will likely continue to dominate political agendas. While this can have an impact on the pace of decarbonisation, we believe the transition towards a more sustainable and low-carbon economy is already wind in the sails.

1. The American Clean Power Association, Clean Energy Investing in America, Aug 2023

Message from our Head of ESG



Alisa Chhoa
 Managing Director,
 Head of ESG and General Counsel

It has not just been about carrots and sticks in climate and energy legislation. In tandem with increasing investment dollars in this space, investor demand for greater accountability and transparency on climate risks and opportunities has grown.

Earlier this year, we witnessed the finalisation of climate disclosure rules by the U.S. Securities and Exchange Commission (“SEC”), which requires registrants to disclose material climate-related risks. The EU’s Corporate Sustainability Reporting Directive (“CSRD”) will take effect for fiscal years beginning January 2024, requiring large companies to report on their environmental, social and governance performance.

The International Sustainability Standards Board (“ISSB”) has also been busy, taking over the monitoring responsibilities of the Task Force on Climate-Related Financial Disclosures (“TCFD”) soon after publishing its two new standards on sustainability disclosures in June 2023.

Although these disclosure standards are at varying stages of implementation, proactive companies have already begun their preparatory work for compliance. We welcome the increased transparency and consistency that will result in the years to come. We see the value of data not only for the identification of risks, but also its value in directing capital and resources as well as fostering competitiveness.

To this end, we are pleased to share that we have produced our first set of estimated carbon emissions in our investment portfolio. Our efforts and analysis thus far are primarily focused on the highest carbon emitters in the portfolio. We look at this from both the lens of company level as well as at the manager level. We are particularly conscious that estimated emissions may differ from actual emissions, and therefore seek to validate and corroborate our analysis with other available information so that we can engage appropriately with our managers.

This is where the value proposition offered by our membership with the ESG Data Convergence Initiative (“EDCI”) becomes especially meaningful. Apart from specifying a core set of ESG metrics, the EDCI is rolling out benchmarking capabilities for private companies. We talk more about this initiative in our Industry Collaboration part of our Strategy. As membership in the EDCI grows, we look forward to a more robust data set and functionalities that help us, and our managers understand what “good” looks like for a company.

Running alongside our work on climate data is our continued engagement with our managers through our annual manager survey where we ask them about updates to their ESG and environmental risk management practices. This year, we doubled our efforts from the previous year to reach out to 70 active managers across

our enterprise portfolio. We are very appreciative of the high response rate of near 90% from our managers to the survey. As ESG integration in investment processes becomes a default, the insights we gather from our survey become even more informative as we delve deeper into our manager’s practices. We present these insights in our Annual Manager Survey section.

A worthy trend we observe is that our managers are starting to look beyond climate change when considering ESG risks and opportunities. With new rules aiming to respect nature and mitigate human rights abuses in supply chains, topics covering biodiversity, water stress and social matters are evolving rapidly and growing in complexity. We look forward to engaging with our partners, peers, and the wider financial industry to address these challenges as we work to refine our ESG approach to deliver lasting value for our investors and our communities.

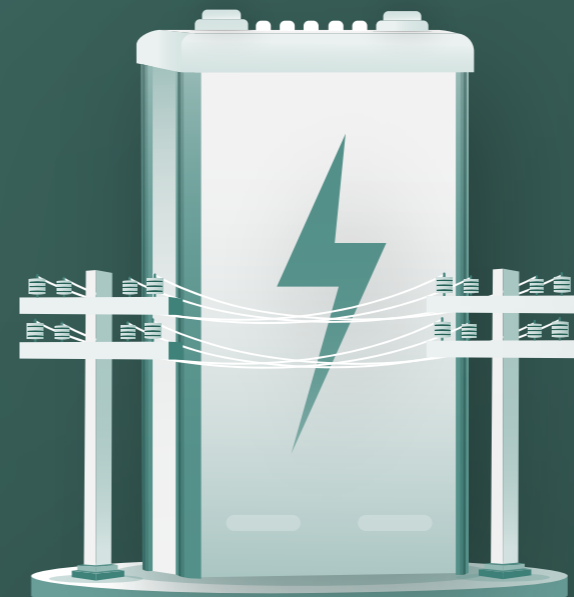
THE ENERGY TRANSITION

The energy transition is set to reshape economies, businesses, asset prices and investment performance. In this feature piece, we unpack the current state of play and the climate policies driving investment opportunities at each stage of the energy value chain

Renewable Energy Generation



The Electric Grid & Storage



Electric Infrastructure, Transportation & Energy Efficiency



What Is Energy Transition?

Energy – it powers our homes, workplaces, vehicles and the production of almost everything we use. Much of the energy used today comes from burning fossil fuels like coal, oil and gas, and such generation processes make up a hefty 76%¹ of global greenhouse gas (“GHG”) emissions, which, as the science tells us, causes global warming that has far-ranging environmental and health effects.

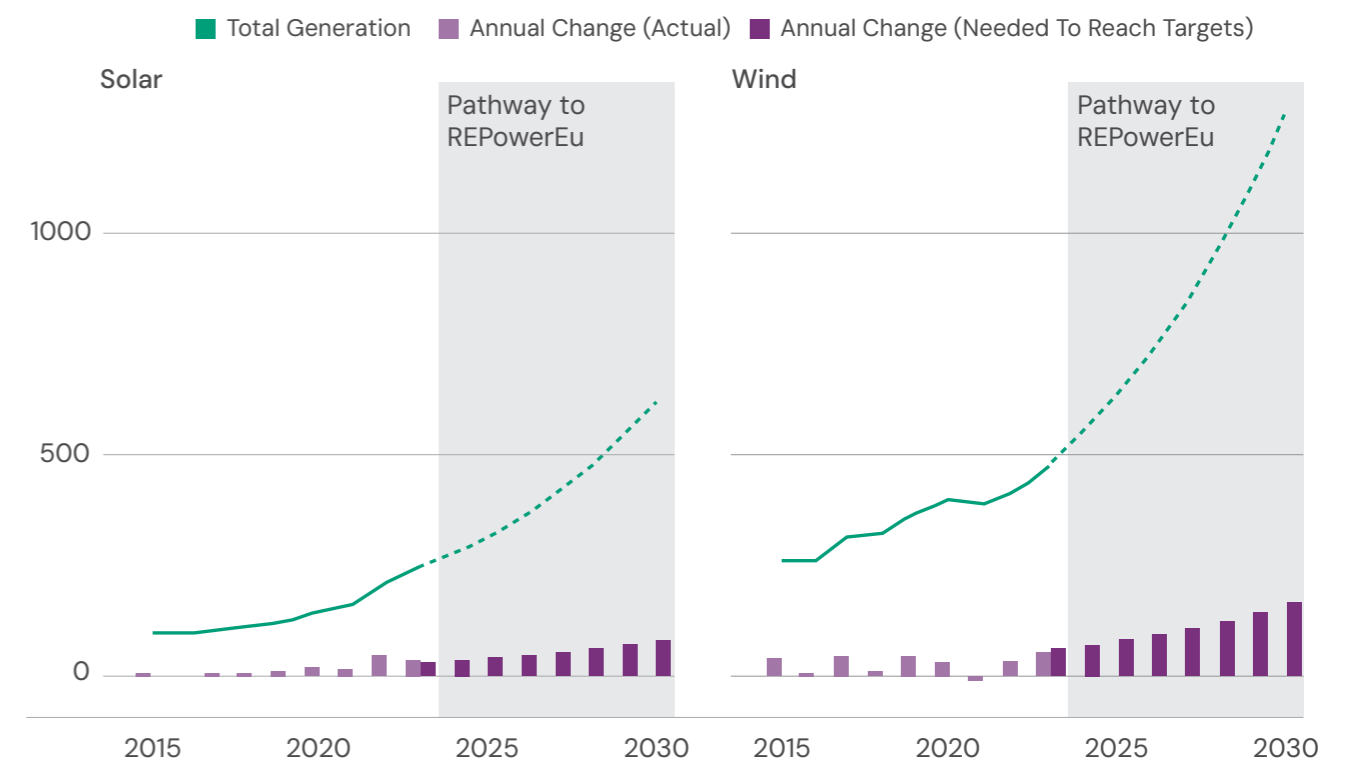
The term “Energy Transition” refers to the global shift from fossil-based energy production and consumption to renewable energy sources such as solar, wind, hydro and geothermal power. From an investor viewpoint, there are opportunities to participate in this megatrend from both the demand and supply side of the energy system. The pathways towards achieving net-zero span across the entire energy value chain from the production, conversion, and delivery of energy to the use of energy, from infrastructure projects to existing and emerging technologies.



Renewable Energy Generation

Halting global warming is only one driver behind the energy transition. Energy security and energy equity have come to the fore as global instability and rapid inflation threaten uninterrupted access to affordable energy.

The REPowerEU Plan is the European Commission’s proposal to end reliance on Russian fossil fuels before 2030 in response to the 2022 Russian invasion of Ukraine. At the outbreak of the invasion, almost half of EU gas imports were sourced from Russia and in the first two weeks after the invasion, gas prices were up by 180%². In conjunction with other measures taken, the REPowerEU plan is promoting substantial investment in renewable energy. With EUR\$210 billion in new energy investments, the goal is to reach a 45% renewable energy mix by 2030³. This translates to at least 15% yearly increases in solar and wind electricity generation from 236 TWh for solar and 475 TWh for wind in 2023 to 621 TWh and 1,276 TWh respectively in 2030.



Source: Annual electric data, Ember, European Commission REPowerEU modelling
A fixed percentage growth pathway for wind and solar is assume, starting from 2022 and reaching 2030 generation values from European Commission modelling

Renewable Energy Generation ^(cont'd)

Likewise, the U.S. Inflation Reduction Act (“IRA”), signed into law on 16 August 2022, and the Infrastructure Investment & Jobs Act (“IIJA”) enacted in November 2021, incentivise investment into domestic energy production, distribution and industries deemed important for U.S. national and economic security. Embedded within both legislative instruments are domestic production requirements that stipulate the need for end products and key components to be produced and assembled in the US. Together, the IRA and IIJA allocate more than US\$169 billion for renewable energy technologies. The first 12 months into the IRA saw 270 new clean energy projects and US\$130 billion worth of investments unveiled⁴.

So while COP28⁵ saw over 100 countries agree to triple renewable energy capacity and double the global rate of energy efficiency by 2030, the policy stimulus to move towards renewable energy for reasons that include politics, economics and national security had been set in motion earlier. These policies send a powerful signal to investors and are driving significant tailwind for the transition away from fossil fuels.

Singapore, for example, is actively working with investors to fast-track renewable energy development in Southeast Asia (“SEA”), the fourth largest energy consumer in the world. Already home to over 100 clean energy companies, Singapore is attracting businesses to scale up in the region to meet SEA’s and its own net zero climate goals⁶. Innovative solutions include harnessing renewable energy sources in neighbouring countries, cross-border power grids, the largest Energy Storage System in SEA and other emerging low carbon alternatives such as hydrogen, geothermal and carbon capture.

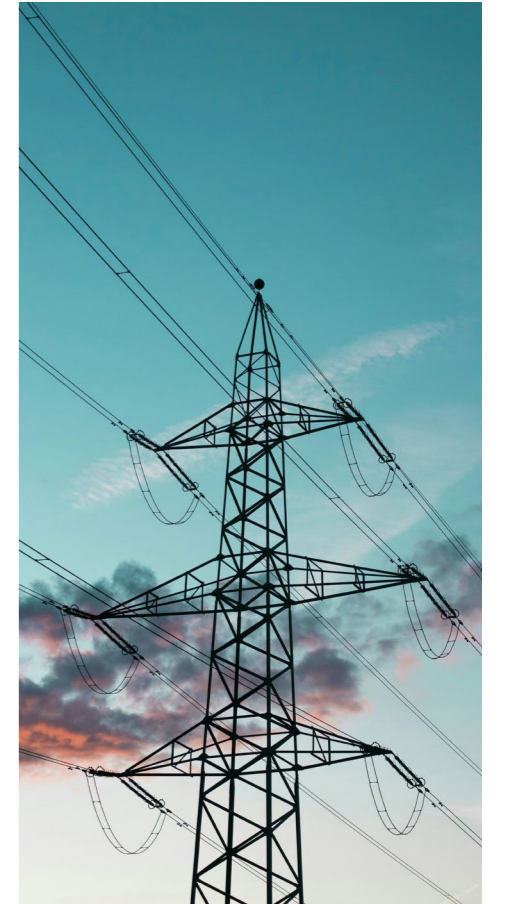
The Electric Grid & Storage

At the rate renewable energy installations are taking place and with the electrification of cars, buildings and industry, neglected power grids risk becoming a bottleneck to the energy transition. Over and above catering to increased electricity use and variability of output, new transmission and distribution lines for solar and wind projects are needed to deliver power between deserts and seas to cities and industrial areas. The International Energy Agency has forecasted that 80 million kilometres of grids need to be built or refurbished by 2040 if country climate goals are to be met. That is equivalent to the entire existing global grid, translating into global investments of US\$600 billion per year till 2030⁷.

The key difference between power systems based on fossil fuels and a system based on renewables is that energy output from solar and wind can be intermittent. That means a parallel solution is required to store the energy when the weather is favourable and to use it when it is not.

Grid-scale battery energy storage systems are best used for short-term peaks and troughs of intermittency. However, for storage capable of maintaining output for over four hours or longer, long duration energy storage (“LDES”) technologies are required, and these are currently at a lower state of technological readiness.

Again, this is where policy stimulus becomes a game changer for companies and technologies that need to get developed and deployed.



Electric Infrastructure, Transportation & Energy Efficiency

Besides the power grids, a lot of other infrastructure is needed to make a transition to clean energy. Several countries have already announced national plans for new cars to be zero-emissions by 2035. To give consumers confidence in electric vehicles (“EVs”), investment must be made in EV charging infrastructure. The IJA not only has billions going out to states to build that infrastructure, but to also upgrade public transit vehicles such as buses and trains.

Another regulatory development that has yet to be mentioned is the U.S. CHIPS and Science Act, which has authorised close to US\$200 billion on building and research and development (“R&D”) capabilities. These include R&D technologies for advanced manufacturing, material science and energy efficiency. A good example is new ways of making steel and concrete without the huge amount of pollution it produces.

Conclusion

The energy system is changing at a pace not seen before. Declining costs of renewable energy technologies, coupled with favourable regulatory policies and increasing consumer demand for clean energy, have created a conducive environment for investment in this sector.

Global investment in energy transition technologies hit US\$1.8 trillion in 2023, up 17% from a year earlier. Investment in new renewable energy projects grew 8% to US\$623 billion⁹.

Retrofitting older buildings will remain a challenge for the U.S. and the EU. Any innovation that improves the energy efficiency for building construction, heating, cooling, lighting as well as all appliances and equipment installed in them will go a significant way in reducing energy consumption. Buildings account for as much as 40% of the EU’s energy use, with most being heated by fossil fuels⁸. In the wake of Russia’s invasion of Ukraine, Europe ramped up installation of high-efficiency electric heat pumps to help eliminate its dependence on natural gas. Today, more than a dozen European nations offer subsidies to purchase heat pumps.

Tax credits and subsidies not only shape market demand, but they incentivise manufacturers and entrepreneurs. Technologies can now be developed to a point where the private sector is sufficiently de-risked to pick it up and run with it.

Global private capital investment in the energy transition came to US\$496 billion in the 12 months since the IRA came into effect¹⁰.

As investors warm up and plug-in (pun intended) to the fast-changing energy transition landscape, navigating the opportunity set for financial returns and making a real dent in carbon emissions will involve titrating between the dynamics of policy, technology and market demand.



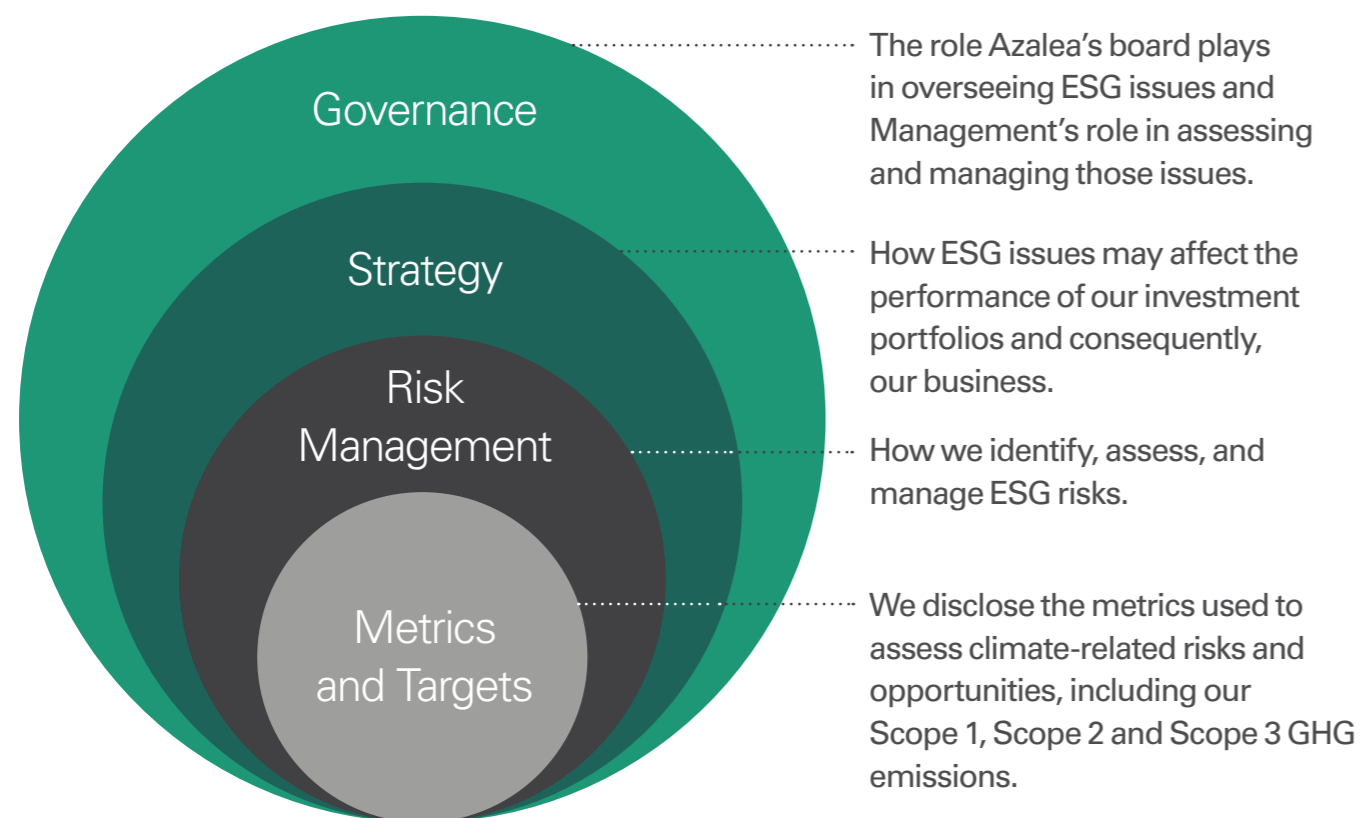
1. IEA (2023), Greenhouse Gas Emissions from Energy Data Explorer, IEA, Paris, <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>
2. European Central Bank, The impact of the war in Ukraine on euro area energy markets, https://www.ecb.europa.eu/press/economic-bulletin/focus/2022/html/ecb.ebbox202204_01-68ef3c3dc6.en.html
3. European Commission, 18 May 2022, REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition, https://neighbourhood-enlargement.ec.europa.eu/news/repowereu-plan-rapidly-reduce-dependence-russian-fossil-fuels-and-fast-forward-green-transition-2022-05-18_en
4. Reuters, Nov 23, 2023, Every country needs an Inflation Reduction Act
5. COP28 stands for the 28th meeting of the Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC). COP is the main decision-making body of the UNFCCC.
6. EDB Singapore, An opportunity in Asia’s surging demand for renewable energy, <https://www.edb.gov.sg/en/our-industries/sustainability/renewable-energy.html>
7. International Energy Agency, Oct 2023, Electricity Grids and Secure Energy Transitions
8. Reuters, Mar 2024, EU Parliament approves law to make buildings more energy efficient
9. BloombergNEF, Jan 2024, Global Clean Energy Investment Jumps 17%, Hits \$1.8 Trillion in 2023
10. S&P Global Commodity Insights, Sep 2023, Financing the energy transition

OUR COMMITMENT TO SUSTAINABILITY AND CLIMATE

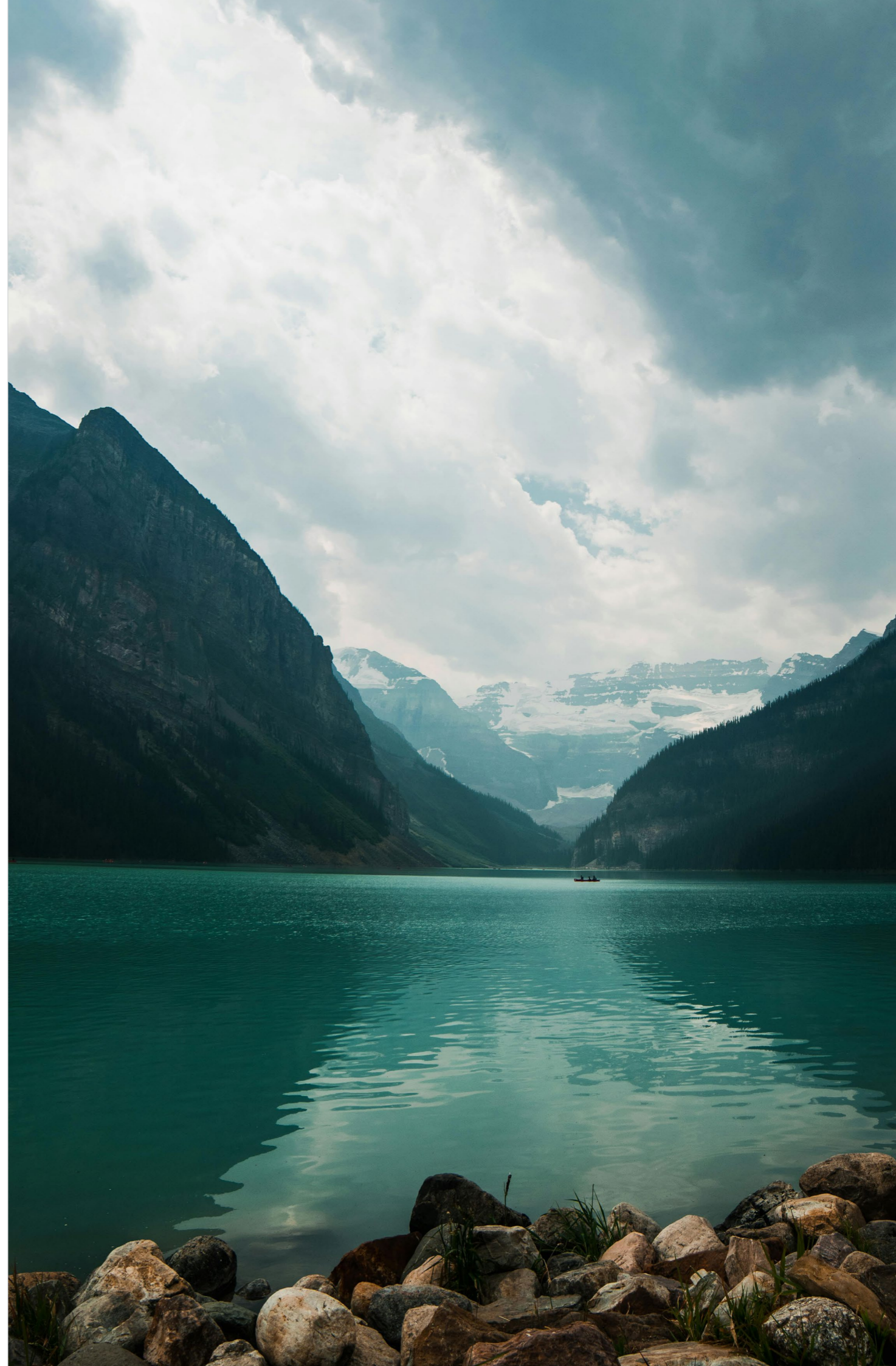
Azalea believes that active management of sustainability issues as part of our investment process and in our own business practices helps to create a lasting positive impact for all of Azalea's stakeholders, including our investors, employees, and communities

Our Approach

Our approach to sustainability and climate is structured along the four core areas recommended by the Task Force on Climate-Related Financial Disclosures (“TCFD”):



1. The TCFD was created to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing risks related to climate change. Using the recommendations is a good entry point for companies as they move to use the ISSB standards.



Governance



The Azalea Board

The Azalea Board (“Board”) has ultimate responsibility for overseeing Azalea’s overall strategic direction, risk appetite and related policies. The Board also has responsibility for approving Azalea’s Enterprise Risk Management Framework (“ERMF”), which sets out our approach to risk management. Environmental risk has been integrated into the ERMF and together with Azalea’s Environmental, Social and Governance (“ESG”) policy, the Board sets the tone for the consideration and management of ESG issues in our investments and business practices.

In 2022, our Board discussed and approved Azalea’s multi-year ESG strategy. Major plans of action included the launch of our Altrium Sustainability Fund product offering, involvement in industry initiatives, investment in resources for assessing and managing the ESG risks of assets managed and our commitment to operational carbon neutrality.

The Management team keeps the Board apprised of industry and regulatory developments, our progress against the ESG strategy as well as any significant emerging risks and material risk events.

Senior Management

The Senior Management team ensures the execution of the ESG strategy in line with the business strategy as well as risk appetite by:

- Instituting Azalea’s Investment Management policy and ESG Policy, which embeds ESG considerations throughout the investment cycle
- Establishing an ESG Resource Group to manage ESG risks and promote ESG best practices
- Equipping respective teams with tools and resources to identify, assess and monitor exposures to ESG risks and opportunities
- Exercising adequate and effective oversight through quarterly risk discussions and portfolio monitoring, reviewing for exposures to ESG risks and assessing the resilience of the investment portfolios

3 Lines of Defence

Management applies the three Lines of Defence in risk management to identify, assess and manage ESG risks and opportunities.

Our Investment Team, as the first line of defence for Investment Performance risk, are responsible for the implementation of the Investment Management and ESG policies. This extends from pre-investment due diligence through to post-investment monitoring and engagement of our underlying managers. The Investment Team is supported by the ESG Resource Group (“ERG”) that assists with the ESG analysis during the due diligence stage and ongoing risk management, 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

Environmental, Social and Governance factors can impact the performance of businesses

For our investment portfolios, a focus on ESG factors not only allows us to manage risks better but enables us to protect and enhance financial returns

At the firm level, it makes us a stronger and more resilient business, helping us to meet the expectations of investors, regulators, shareholders and to attract quality talent.

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

Transition Risks

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change.

Physical Risks

Physical risks resulting from climate change can be driven by extreme weather events or arise from longer-term shifts in climate patterns such as sustained higher temperatures leading to chronic heat waves.



Climate Risks facing Azalea's Investment Portfolio and Operations

As an investor in PE funds spanning different geographies, sectors, stage of company growth and business models, the climate risks described in the tables in the next 2 pages could have a potential financial impact on our investment portfolio.

Businesses that do not address these risks adequately would see an impact to their bottom line, cashflows, assets and ultimately, an erosion in capital. Carbon taxes and carbon pricing mechanisms, abrupt and unexpected shifts in energy costs, additional compliance requirements, exposure to litigation, all lead to increased operating costs.

Adjusting to changing consumer behaviour may involve investment in research and development which requires capital investment and entail fresh

costs of capital. Punitive actions and revocation of operational permits for polluting businesses could result in asset re-pricings, impairments, and write-offs.

On the other hand, businesses that can leverage on policy incentives, reduce costs through efficiency gains or effectively tap on transition finance, could benefit from improved profitability and growth. How successfully our managers navigate the climate transition can have a material impact on the valuations of the investment portfolios we manage.

Climate Risks facing Azalea’s Investment Portfolio and Operations

Investment Level			
Risk	Description of Risk	Potential Financial Impact	Time Horizon
Transition: Policy and Legal	Changes to climate-related regulation that introduce deterrents or incentives that impact the operations, goods or services of portfolio companies	<ul style="list-style-type: none"> Premature impairment or write-offs of assets relying on fossil fuels Higher operating costs for carbon intensive businesses 	Short term
	Environmental-related disclosures and reporting requirements and/or litigation due to the failure to mitigate or adapt to the impacts of climate change and the insufficiency of disclosure around material financial risks	<ul style="list-style-type: none"> Higher compliance costs Increased litigation costs, fines, and judgements 	
Transition: Technology	Technological improvements that support the energy transition can affect the relative competitiveness of impacted businesses	<ul style="list-style-type: none"> Reduced demand for environmentally damaging products and services Incurrence of research and development costs Increased capital expenditure and cash to invest in lower emissions infrastructure and equipment 	Short to medium term
Transition: Market	Shifts in consumer preferences to sustainable products and services, volatility in prices of raw materials or uncertainty in output specifications as customers make sustainability demands on their supply chain	<ul style="list-style-type: none"> Inability to adapt to consumer preferences for sustainable products Higher costs of production or operations Abrupt changes in energy costs Changes in asset or investment valuations 	Short to medium term
Transition: Reputation	Perceptions of greenwashing, inadequate climate action and/or poor carbon performance indicators	<ul style="list-style-type: none"> Stranded assets Reduction in capital availability and financing 	Medium term
Physical	Increased occurrence of extreme weather events and impact of sustained higher temperatures on operations	<ul style="list-style-type: none"> Increased costs due to disruption to operations and strain on companies’ workforce Unexpected costs from reconstruction, repairs and recovery operations 	Medium to long term

*Time Horizon: Short term - within five years; Medium term - five to ten years; Long term - more than ten years

Corporate Level			
Risk	Description of Risk	Potential Financial Impact	Time Horizon
Transition: Policy and Legal	Lower Assets Under Management (“AUM”) if portfolio companies and managers are unable to adapt to and/or mitigate policy and legal risks	<ul style="list-style-type: none"> Lower AUM and revenue if product portfolios are unable to meet target investment returns 	Short term
	Increased regulatory action and scrutiny from inadequate climate-related risk management and disclosures	<ul style="list-style-type: none"> Increased costs to acquire, collect and analyse data relating to the investment portfolio and our operations Additional costs for ESG expertise 	
Transition: Technology	Inability to keep pace with and/or identify and assess the impact of technological advancements could mean missed investment opportunities	<ul style="list-style-type: none"> Lower AUM and investor interest in future products 	Medium term
Transition: Market	Lower AUM if portfolio companies and managers are unable to adapt to and/or mitigate market risks	<ul style="list-style-type: none"> Lower AUM and revenue if product portfolios are unable to meet target investment returns 	Short to medium term
	Meeting stakeholder preferences for sustainable investments and expectations on responsible investing	<ul style="list-style-type: none"> Loss of stakeholder interest in future investment products 	
Transition: Reputation	Perceptions of greenwashing, inadequate climate action and/or poor carbon performance indicators	<ul style="list-style-type: none"> Lower AUM and revenue from loss of confidence Increased scrutiny from regulators and stakeholders, potentially leading to increased operational costs 	Medium term
Physical	Occurrence of extreme weather events and impact of sustained higher temperatures on the workforce	<ul style="list-style-type: none"> Costs to recover from disruptions and impact on employee health and productivity 	Long term

Our strategy for minimising ESG risks and maximising the resilience of our investments



Research

Our investment professionals keep a constant pulse on the market to identify and pursue attractive investment opportunities. This involves, inter alia, keeping up to date with economic conditions, policy changes, geopolitical risks and shifts in market preferences to inform portfolio construction and evaluate risk exposures. Market mapping based on macro and sectorial research is undertaken to capitalise on megatrends as well as assess their financial and sustainability prospects.



Manager Selection

Investing in quality managers is key to a resilient and value-creating PE portfolio. In addition to rigorous investment analysis at pre-investment stage, our commitment to sustainability entails a focus on strong governance structures.

Operational Due Diligence

Good governance fosters trust, transparency and integrity in organisational practices. Azalea's operational due diligence process complements our financial due diligence by examining the strength of the manager's controls over important areas such as legal and regulatory compliance, data and cybersecurity and financial management. It seeks to ensure that we select and invest with quality managers that have good principles of governance in place and align with our standards of accountability towards investors.

ESG Due Diligence

Our ESG due diligence considers the breadth and depth of a manager's ESG integration practices into their investment process.

A comprehensive analysis of the following ESG factors culminate in an ESG risk profile and maturity of the relevant manager and/ or PE fund which is presented as part of the investment memo for the Investment Committee's approval.



Manager Selection (cont'd)

ESG Policy and Practices

An ESG policy has become a baseline expectation from managers. Some indicators of quality that we look for in the manager's policy and practices include:

- ESG values expressed through prohibited industries
- Board and C-suite level oversight for ESG matters and a robust accountability structure for management and escalation of ESG risks
- Alignment with global standards such as Principles of Responsible Investment and notable stewardship codes
- Rigor of pre-and post-investment ESG risk management
- Extent of engagement with portfolio companies on ESG risks and value creation

Resources and Capability Building

Dedicated ESG resources and a regular training program supports strong awareness and proper management of ESG issues. We note that some managers have built external support networks of subject matter expertise to supplement and strengthen their ESG practice.

Industry Engagement

We view a manager's active participation in collective engagement platforms positively. It reflects a commitment to investing responsibly, rallies the industry around meaningful initiatives and promotes a sharing of best practices.

Environmental and Climate Action

We evaluate a manager's commitment to and progress on environmental action. With increasing attention on climate risk, we consider how managers identify and assess material climate change risks and respond with mitigation measures. Forward-looking managers have asked their portfolio companies to start measuring their greenhouse gas ("GHG") emissions and identify opportunities for strategic positioning. Best practices involve developing action plans to take advantage of lower cost renewable energy, capitalising on incentives offered by policy stimulus, and decarbonising the supply chain with relevant procurement policies and engagement with strategic suppliers.

Reporting and Transparency

We place a value on transparent reporting – managers who proactively engage with investors on ESG incidents, track and make available ESG performance indicators and who disclose their progress and outcomes of stewardship measures.



Monitoring & Engagement

Post-investment monitoring entails a review of both financial and non-financial developments.

ESG Incident Monitoring

Azalea requires all serious ESG incidents involving a PE fund or its underlying portfolio companies that result in a material adverse environment or social impact or material breach of law to be reported to Azalea in a timely manner.

We supplement this monitoring by using RepRisk¹ to scan for potentially material ESG incidents on the manager and their underlying portfolio companies. Where an incident is deemed pertinent and material, the investment team will reach out to the manager to understand the actions they have taken.

Annual ESG Survey

In the last two years, we have sent an annual ESG survey to our managers across our enterprise portfolio of investments to assess the depth of their environmental risk management practices. We also invite our managers to elaborate on how their ESG practices have evolved. We present the results and insights from this year's survey in the Annual Manager Survey section of this report. We are pleased to observe a high degree of ESG integration among our managers and attribute this to their belief that consideration of ESG factors helps protect investment value

Manager Engagement

With valuable inputs from our pre-investment due diligence, annual ESG survey, investment portfolio emissions, manager ESG reports and ongoing RepRisk monitoring, we have a rich body of knowledge which can be tapped on to form a view of the manager's ESG maturity. These data points can then be used by our investment team to prioritise engagement with our managers and provide them with an effective feedback loop.



Data & Analysis

Private companies, unlike public companies, are not subject to the same stringent reporting requirements, making it a challenge to obtain relevant ESG data. For a global investment portfolio, a uniform set of metrics is also hard to define as different regions, sectors, growth stage and company size have different resources and views on what is considered material and important.

However, with jurisdictions representing over half of global GDP taking steps to use the ISSB's standards¹, GHG emissions have become widely adopted as a metric for understanding performance in relation to climate-related risks and opportunities. Although the private market is still at varying stages of quantifying the environmental impact of their portfolio companies, we recognise the importance of establishing a baseline carbon footprint. We have, therefore, invested in MSCI's Carbon Footprinting of Private Equity and Debt Funds product ("MSCI tool") to enable us to estimate the financed emissions of our investment portfolio. This serves as a foundational step towards understanding the climate-related exposure of our investments.

Estimating Our Financed Emissions

The MSCI tool uses MSCI's methodology for estimating GHG emissions for public companies in the MSCI ACWI IMI² universe to similarly estimate GHG emissions for private companies. Data from the most recent publicly available corporate sources is first obtained, followed by carbon emissions data reported through CDP³ or government databases. Where companies do not disclose data, carbon emissions are then estimated using MSCI proprietary models.

We used the MSCI tool to estimate the financed emissions⁴ for our enterprise investment portfolio. Our enterprise level financed emissions are estimated at 108,202 tonnes of carbon dioxide equivalent (tCO₂e) for the financial year ended 31 December 2023. These estimates cover 80% of enterprise Net Asset Value and across 8 product portfolios comprising Azalea's Astrea and Altrium platforms.

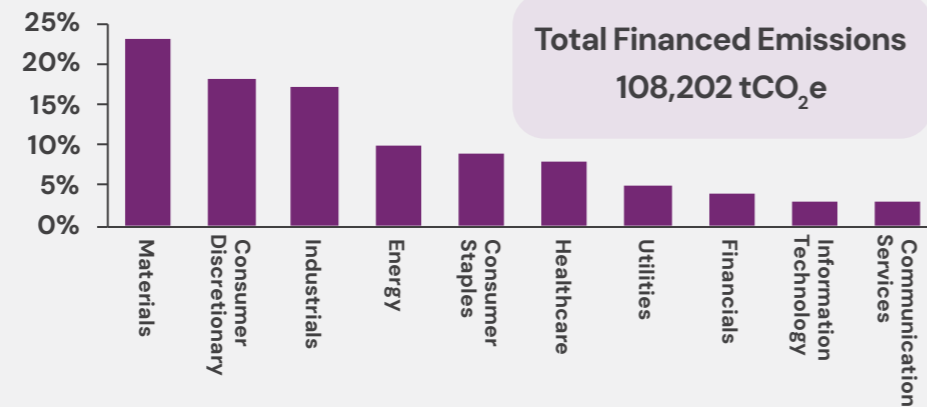
1. RepRisk uses AI and advanced machine learning to screen over 100,000 public sources daily and in 23 languages, to systematically identify any company or project associated with an ESG risk incident. RepRisk provides metrics mapped to over 100 ESG risk factors including environmental issues such as Climate change and GHG emissions, Pollution (global and local), Impact on landscapes/ ecosystems/ biodiversity, Overuse and wasting of resources, Waste issues and Animal mistreatment.

1. ISSB announcement, 28 May 2024. The ISSB is a standard-setting body established under the IFRS Foundation, whose mandate is the creation and development of sustainability-related financial reporting standards to meet investors' needs for sustainability reporting.
 2. The MSCI ACWI IMI (Investable Market Index) captures large, mid and small cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. It has 9,004 constituents, covering approximately 99% of the global equity investment opportunity set.
 3. CDP was established as the 'Carbon Disclosure Project' in 2000. It is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impact.
 4. Financed emissions refer to Scope 1 and 2 GHG emissions from underlying portfolio companies in PE funds, calculated using the proportional share of investment in the PE fund by investment commitment.



Data & Analysis (cont'd)

Breakdown of Enterprise-wide Investment Portfolio Financed Emissions by Sector



For the enterprise-wide investment portfolio as at 31 Dec 2023, covering 80% of Net Asset Value

These emissions are clustered in three sectors: materials, consumer discretionary and industrials which account for approximately 58% of the enterprise investment portfolio. We proceeded to analyse the output by ranking the portfolio companies from highest to lowest financed emissions for the respective sectors as well as at enterprise level. We then dived into the largest emission contributors, to research and understand the climate actions being undertaken by the companies.

We also identify the respective managers of these companies and triangulate information from the sources shown below to review if their involvement with portfolio companies on climate plans correspond with their commitments.

- ESG Data provided by the Managers (where available)
- Manager's ESG/ Sustainability Report
- Responses to our Annual Manager Survey
- Pre-investment due diligence findings

Such sector and company analysis allows us to focus and prioritise our efforts on higher emission contributors in our portfolio and have the right conversations with the respective managers on their climate actions and value creation plans for their portfolio companies. However, having a year-on-year trend analysis as well as relevant industry and sector benchmarks would better enable us to compare performance and measure progress. We aspire to achieve this through our support for the ESG Data Convergence Initiative, elaborated in the next section.



Industry Collaboration

Azalea participates in select industry associations to enhance our practices, build knowledge on current and emerging topics and to share best practices. We are committed to efforts that contribute to the development of responsible investment.

Signatory of:



Azalea is a signatory to the Principles for Responsible Investment ("PRI"). The PRI is a globally recognised set of principles, and we demonstrate our commitment to incorporate ESG factors into investment and ownership decisions and being part of a global community seeking to build a more sustainable financial system.



Azalea is also a member of the Initiative Climat International ("iCI"), a global community of private markets investors who seek to improve the industry's understanding and management of climate change risk and opportunities.



Azalea pledges good governance and sound investment stewardship by signing up to the Singapore Stewardship Principles for Responsible Investors ("SSP").



Azalea has supported the ESG Data Convergence Initiative ("EDCI") since 2022. The mission of EDCl is to drive convergence around meaningful metrics for the private markets and generate useful, comparable, performance-based ESG data.



Industry Collaboration (cont'd)



A Feature on EDCI

Launched in 2021, the EDCI is now a coalition of over 450 members comprising major PE general partners (“GPs”) and limited partners (“LPs”) who have agreed to align around 6 core categories of metrics with a new Net Zero metric added for 2024.

GHG Emissions Scope 1 Scope 2 Scope 3 (Optional)	Renewable Energy % renewable energy usage	Diversity % women on board % women in C-suite % underrepresented groups on board (optional) % LGBTQ on board (optional)	Net New Hires Net new hires (organic and total) Turnover	Work-related Accidents Injuries Fatalities Days lost due to injury	Employee Engagement Employee survey (yes/no) Employee survey response (optional)	Net Zero Strategy (optional) Target (optional) Ambition (optional)

The 2023 data set, representing the second year of data gathered, saw participation from 185 GPs with 4,300 PE-backed companies across regions and sectors, contributing more than 62,000 individual data points. Boston Consulting Group, in its role as benchmarking and advisory partner to the initiative, reviews and validates this data before aggregating it into a benchmark.



Industry Collaboration (cont'd)

Although still early days, we see a lot of potential to assess the ESG performance of our investment portfolios against the EDCI benchmark. As an example, the 2023 EDCI data set produced an analysis of the median Scope 1 and 2 greenhouse gas (“GHG”) emissions by sector¹. By categorising the underlying portfolio companies in our PE funds in a similar manner, we would be able to assess how their Weighted Average Carbon Intensity (“WACI”)² compares against the EDCI sector median.

Adding a time lens to the data, trending analysis on renewable energy usage and net zero targets would enable us to understand the overall climate ambition and trajectory for the private markets. Already, BCG’s ‘Sustainability in Private Equity, 2023’ report reveals that private companies held for two or more years tripled their use of renewable energy. Private companies in Europe had also achieved higher levels of renewable energy adoption than their peers in the Americas. We know the PE industry well enough to recognise that this is not just a fight against climate change, but a motivation to generate value.

As a critical mass of GPs join the initiative, and with valuable data points such as sector, region, growth stage and revenue, the EDCI benchmark holds promise for providing cutting-edge insights and the opportunity for us to have much deeper engagement with our fund managers on their ESG commitments, progress, and ability to drive positive business outcomes.

1. BCG, Oct 2023. Sustainability in Private Equity, 2023. Retrieved May 15, 2024 from <https://www.bcg.com/publications/2023/private-equity-sustainability-report>
2. WACI is calculated as tons of CO2 equivalent/ US\$ 1 million of revenue based on Scope 1 and 2 GHG emissions.

Risk Management

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

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 ESG risks

We identify and assess how our managers manage ESG risks by looking at several factors:

Screening & Assessment of Material Issues

- For primary investments, we pursue on a best-efforts basis, for rights to be excused from investments into underlying companies where the principal business is on our list of restricted industries
- We use RepRisk to review the manager’s reputational risk ratings as well as screen for any past environmental or reputational issues in the manager’s prior investments. Any reported ESG incidents are weighted according to severity, frequency, and source. Where material issues are noted, these may be taken up for discussion with the fund manager
- We apply the guidance provided by the Sustainability Accounting Standards Board (“SASB”) to examine the material sustainability issues applicable to the manager’s sector strategy

ESG Due Diligence

Our ESG due diligence process is elaborated under the Strategy section, explaining how we conduct Manager Selection.

We recapitulate the key points here:

- We review the manager’s ESG and/or climate policies and assess their commitment, resources and capabilities to implement sound ESG practices
- We assess how they handle and report material issues and their approach to mitigating risks and taking remedial action
- We assess the ESG maturity levels of our managers and report the findings in our investment memos for full deliberations

Azalea’s process for managing ESG 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 manager’s ESG and/or TCFD reports to monitor the overall risk profile of our investment portfolios
- We conduct annual surveys on our managers to better identify, assess and manage climate-related risks in our portfolio

Reporting

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

Metrics & Targets

Emissions Attributable to Our Operations

Azalea has been measuring our operational GHG emissions since 2019 and are tracking our employee emissions intensity to identify potential areas for reduction.

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 and our Scope 3 emissions primarily relate to purchased goods and services, and business travel.



Operational GHG emissions ¹		GHG Emissions (tCO ₂ e)	
		2022	2023
Scope 1	Direct emissions	Nil	Nil
Scope 2	Purchased electricity	12	15
Scope 3	Category 1: Purchased Goods and Services	*	683
	Category 2: Capital Goods	*	100
	Category 3: Fuel- and energy related activities	*	4
	Category 6: Business Travel ²	363	439
	Category 7: Employee Commute ³	7	16
	Category 8: Upstream Leased Asset	*	46
Total		382	1,303
Emissions per Employee (tCO₂e)		*	24.6

*Not previously reported

Emissions Attributable to Our Investment Portfolio

We have taken the approach of subscribing to data sources that would enable us to estimate the financed emissions of our portfolio. The results can be found in the Data & Analysis section of Strategy.

1. Refer to Annex A for operational GHG emissions calculation methodology

2. Business travel includes emissions from air travel, trains, taxis and accommodation during business travel

3. Employee commute figures take into account flexible work arrangements where employees work from home on certain days of the work week

Off-setting Our Operational Carbon Footprint

Azalea has been working on reducing the environmental impact from our operations. While we work at this, we offset 100% of our operational carbon footprint by purchasing carbon credits through Climate Impact X (“CIX”).



CIX is a global marketplace and exchange for high-quality carbon credits. The CIX assessment framework aligns with international principles and standards, such as the Integrity Council for Voluntary Carbon Markets’ Core Carbon Principles and guidance from the Natural Climate Solutions Alliance. The Core Carbon Principles share a significant degree of overlap with the eligibility criteria set out by the Ministry of Sustainability and Environment and the National Environment Agency within Singapore’s new International Carbon Credit Framework.

Our selection considers the co-benefits and additionality of a project. We adopt a portfolio approach, purchasing a diverse mix of project types, including nature-based and engineered solutions for both emissions avoidance and removal. By supporting various carbon projects, we aim to contribute meaningfully to socio-economic initiatives as well as support investment into innovation required to lower the cost of emerging climate technologies.

Verification by globally accepted registries and internal quality assessments conducted by CIX ensure the listed projects have robust carbon sequestration performance in addition to contributing meaningfully towards biodiversity, ensuring social integrity, and maintaining sound project governance & risk management.

The voluntary carbon market is an important lever in enabling nature-based and technology-based solutions. Azalea will continue to support quality and impactful climate projects



Delta Blue Carbon (“DBC”)

One project that we have chosen to support is the Delta Blue Carbon project. This project focuses on the afforestation and restoration of mangroves and wetlands in Indus River Delta area in Pakistan. Contributors to the deforestation include the use of mangrove wood for fuel, fodder, and open-range grazing.

The project actively involves local communities in conservation efforts where locals are employed as stewards and collaborate in the restoration, conservation, and sustainable management of mangrove forests. By tackling the root causes of forest degradation through community engagement, the project aims to reduce the community’s dependence on mangroves for income and enhance their resilience to climate change impacts.



CarbonCure

CarbonCure is a US-based project that seeks to utilise waste CO₂ as a feedstock in the production of concrete.

Concrete is the world’s most used man-made material with the cement industry alone responsible for roughly 4-8% of the world’s emissions. The CarbonCure project equips concrete plants to inject waste CO₂ into concrete during production, permanently mineralizing and storing it. Even if the concrete is damaged or broken down in the future, the CO₂ sequestered will not be released back into the atmosphere. The CO₂ feedstock is sourced from direct air capture or industrial processes, therefore the credits generated represents a blend of carbon dioxide avoidance and removal.

Mineralized CO₂ helps to boost the concrete’s compressive strength, allowing for less cement use. CarbonCure concrete reduces CO₂ by an average of 15 kilograms per cubic meter and is ASTM certified¹.



BioLite Improved Cookstoves

The BioLite Improved Cook Stoves Programme aims to provide rural communities with access to clean energy through the distribution of more efficient biomass cookstoves in households across India, Kenya and Uganda.

Traditional cookstoves have an efficiency of about 10% and often cause incomplete combustion, releasing pollutants like carbon monoxide. The programme distributes BioLite HomeStoves, fan-assisted wood stoves that reduce wood and charcoal consumption through more complete fuel combustion.

These stoves decrease indoor pollutants and improve indoor air quality, thereby lowering the risk of respiratory illnesses. Additionally, the HomeStove generates electricity from the flames using a patented Direct Conduction Thermoelectric System, producing enough electricity from a day’s cooking to fully charge a mobile phone or power an LED light for an evening.

1. ASTM certification is an assurance of safety and quality, backed by rigorous testing standards set by ASTM International

ANNUAL MANAGER SURVEY



Introduction to Survey

Our annual GP survey forms an important part of our post-investment ESG monitoring

Alongside other components of our ESG program, it helps us identify and assess potential risks in our portfolios, particularly environmental risks. We expect our managers to adopt best practices in climate risk mitigation in their portfolios. By establishing baseline practices across our managers on ESG policies, processes, resources and other ESG indicators, we will be able to prioritise engagement with our managers. We believe that by focusing our dialogue on these managers and by encouraging them to make high-quality sustainability disclosures, we enable investors like ourselves to make more informed investment decisions.

Our first survey was sent last year to managers who were deemed to be investing in sectors associated with high climate change-related risks, and we achieved a response rate of more than 90%. We are pleased to share that we have expanded the scope of our survey this year, to cover all managers¹ with whom we actively invest, and we received a similar response rate of 90%.

With an expanded respondent pool this year, we were able to further identify key trends among leading private equity firms, many of which we have an established relationship with, having invested across a number of their funds. These trends include increased investments into systems used for collating and analysing ESG data, and enhanced support for in-house teams and portfolio company management to develop ESG capabilities within their organizations and in investee companies.

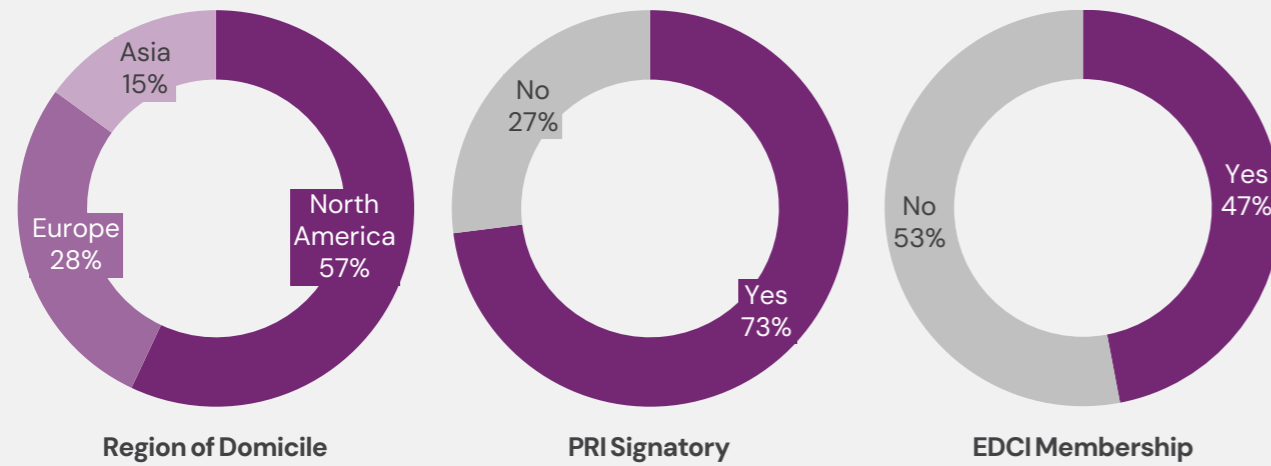
Let us dive into the results of the survey in the next section for a detailed analysis of our observations of our managers² ESG integration journey.

1. These comprise of 67 private equity and venture capital managers whose funds Azalea invests for our products, including our Astrea series of private equity bonds, and our Altrium series of private equity funds.

2. Certain information and data contained in this document were obtained from various external sources and have not been prepared, reviewed, verified or approved with such sources, and may not reflect the views or opinions of such sources. Such information and data may reflect assumptions and judgments which may or may not prove to be correct. No representation or warranty is made with respect to the accuracy or completeness of any information or idea contained in this document, and there shall be no obligation to update this document, correct any inaccuracies or provide the recipients with access to any additional material. Except where otherwise indicated, the information speaks as at the date of publication of this report and/or such other date that Azalea in its discretion determines (as the case may be).

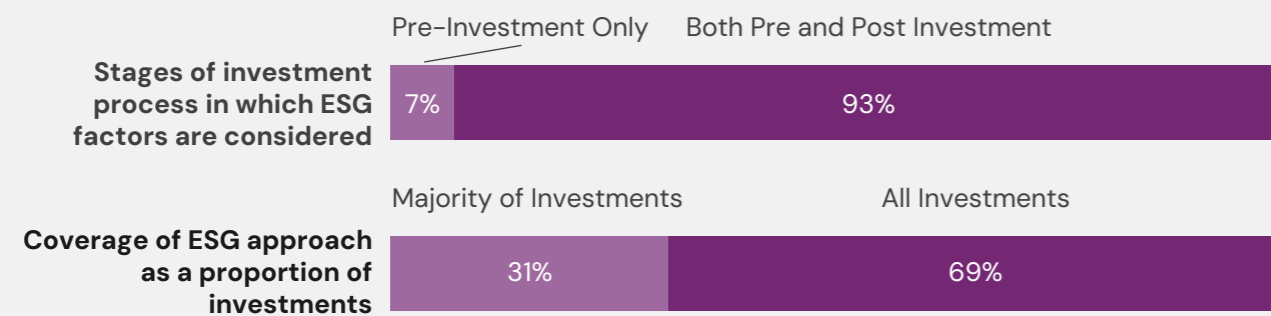


Respondent Profile



Degree of ESG Integration into Investment Process

Describe your firm's scope and coverage in integrating Environmental, Social and Governance ("ESG") factors in your investment process

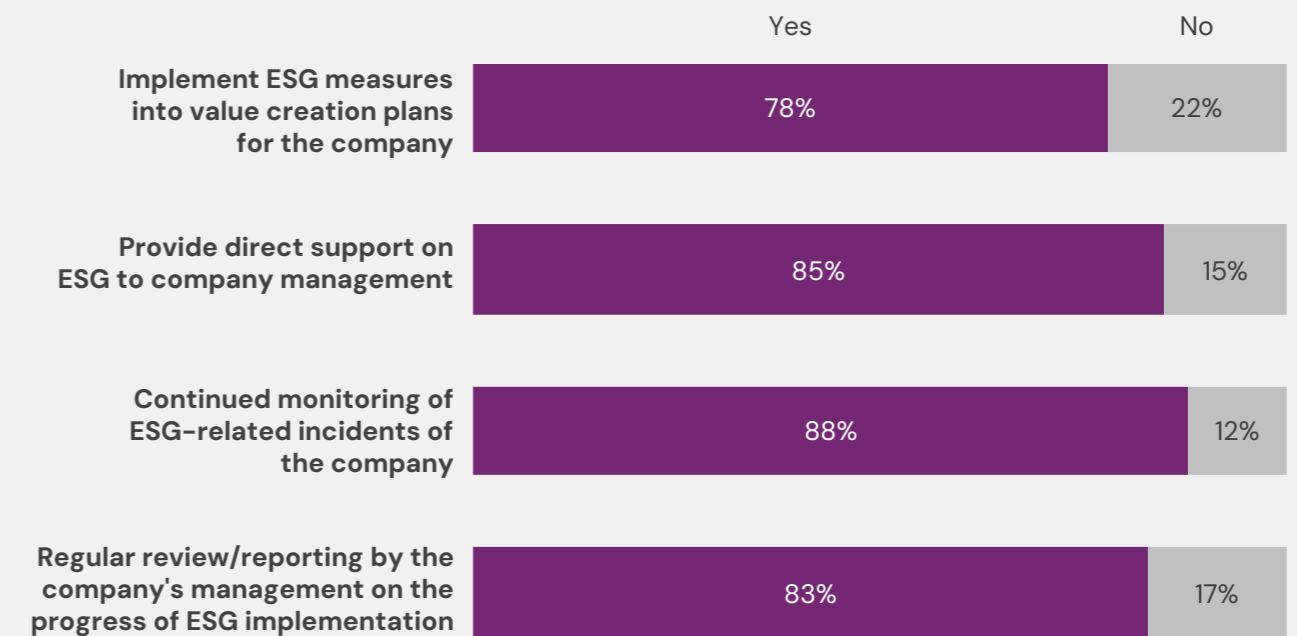


Almost all the managers who responded to the survey indicated that ESG factors are considered as part of their investment process. This is anticipated given the broad range of topics encapsulated within ESG, which inherently should be incorporated into a manager's risk management considerations with respect to their investments.

Furthermore, we observed that all of our respondents apply their ESG approach either across a majority of their investments or the entirety of their investments, and that a significant majority of managers (93%) indicated that they consider ESG factors at both pre- and post- investment stages. This reinforced our belief that ESG constitutes a fundamental component of our managers' risk management process.

Degree of ESG Integration into Investment Process (cont'd)

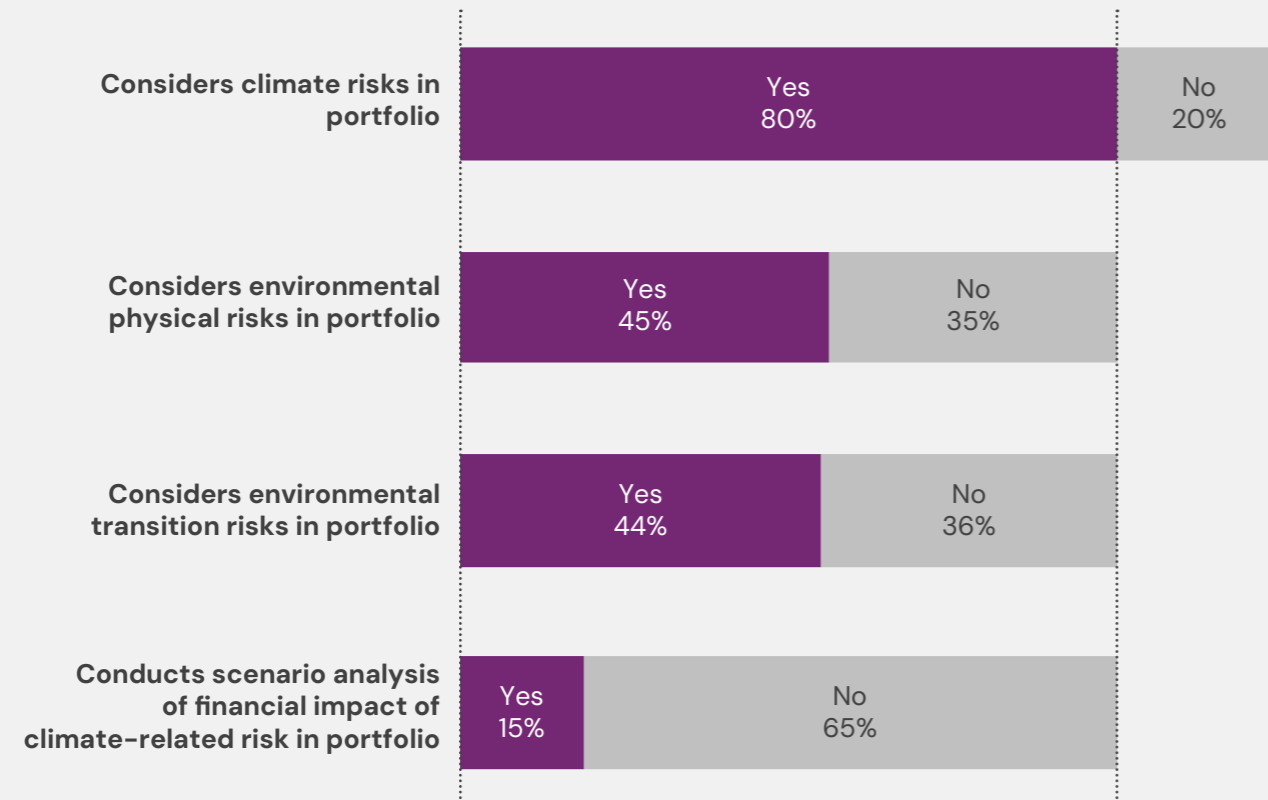
What steps do you typically undertake post-investment to ensure ESG considerations are accounted for in a portfolio company?



Whilst most managers already consider ESG from a risk management perspective, we are pleased to find that a significant number of them view ESG as a value creation tool as well. Over 80% of the managers would require regular review or reporting by the portfolio companies' management team on progress of ESG implementation, continuously monitor the companies for ESG-related incidents, and/or provide direct ESG support to the management teams, whilst 78% of the managers shared that they have implemented ESG measures as part of their value creation plans for their portfolio companies.

Addressing Climate-related Portfolio Risks

Do you assess environmental physical risks and transition risks in your funds' portfolio?

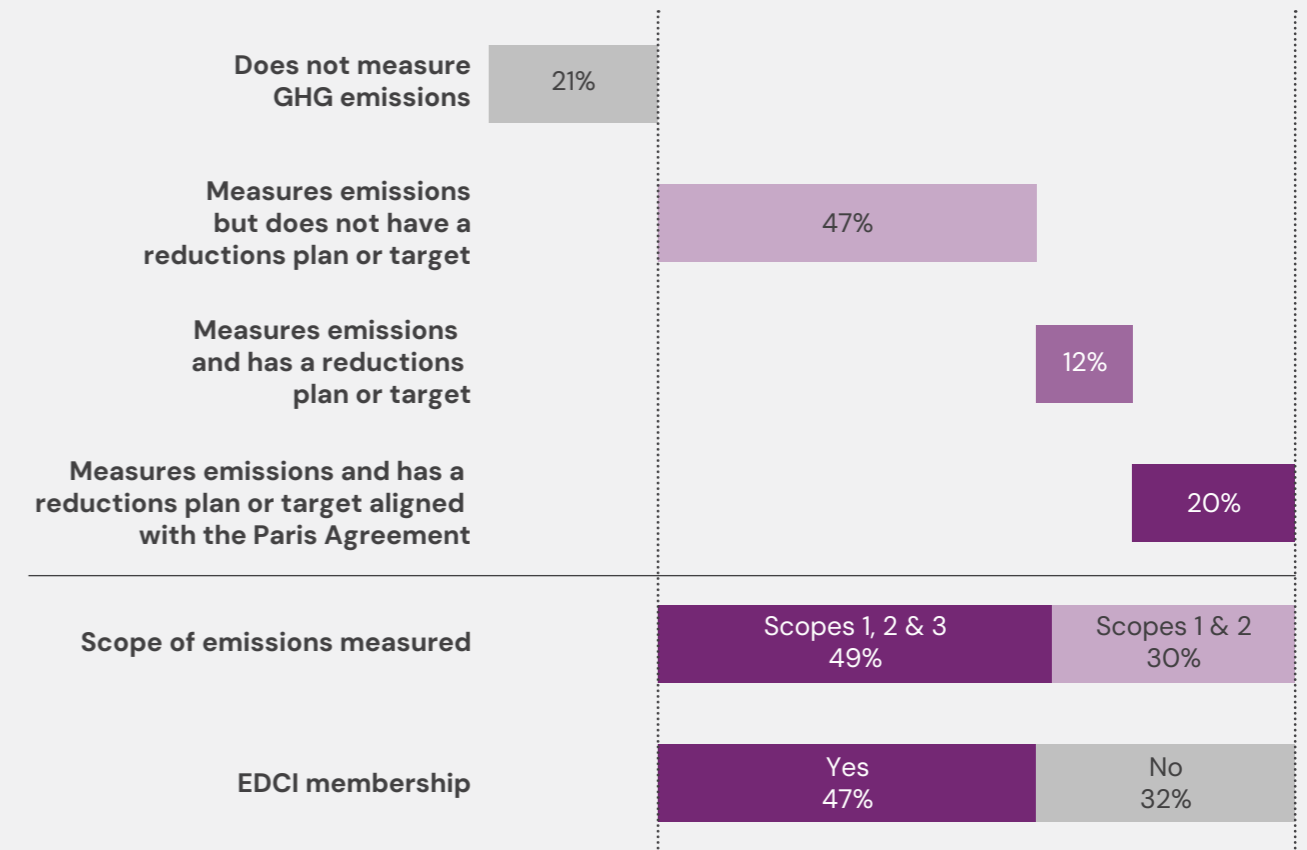


A substantial portion (80%) of our managers stated that they have assessed climate-related risks in their portfolios. However, a noticeably lower percentage considered physical (45%) and transition (44%) risks associated with climate change within their portfolios. It should be noted that while some managers have indicated that they consider climate-related risks in their investments, this may be applied on a case-by-case basis depending on the materiality of climate risks to the portfolio company.

Climate scenario analysis appears to remain a challenging task for private equity managers, and this is likely attributed to the lack of emissions data and investments into infrastructure to collate and analyse such data. Only a small minority of managers (15%) have conducted scenario analysis of the financial impact of climate change to their portfolios.

Addressing Climate-related Portfolio Risks (cont'd)

Do you measure Greenhouse Gas ("GHG") emissions and/or set climate-related targets for your funds' portfolios?



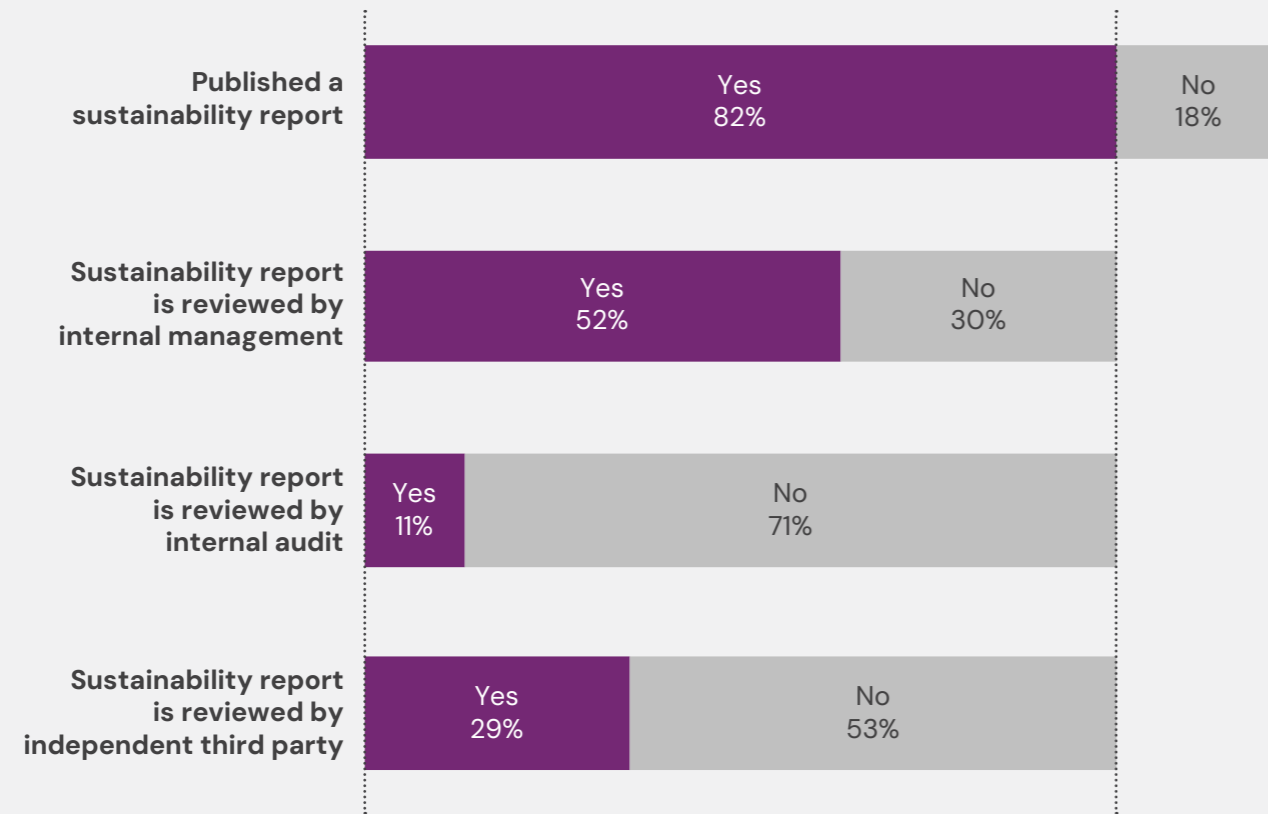
Notwithstanding that only a small percentage of our managers have conducted climate scenario analysis to gauge the possible financial impact to their portfolios, it is encouraging to see that most of our managers (79%) have started to measure the financed emissions in their portfolios. Furthermore, a smaller subset of our managers has devised plans to reduce these emissions (12%), with an additional fraction setting emissions reduction targets that are aligned with the Paris Agreement (20%). Certain managers have also provided timelines for the implementation of their emissions reduction plans including deadlines for portfolio companies to measure their carbon footprint, and develop and implement their own emission reduction plans. Some of them cited the provision of toolkits to their portfolio companies' management teams to help them with their implementation process.

It is also encouraging to see that where emissions are measured, more managers are making the additional effort of tracking supply chain emissions, i.e. Scope 3 (49%) on top of Scope 1 and 2 emissions.

To this end, it is worth highlighting that more than half of the managers who indicated that they were measuring financed emissions are members of the EDCI. As a member of the EDCI, Azalea encourages our managers to contribute to greater transparency and availability of data in the private markets space by joining the EDCI.

Sustainability Disclosures and Assurance

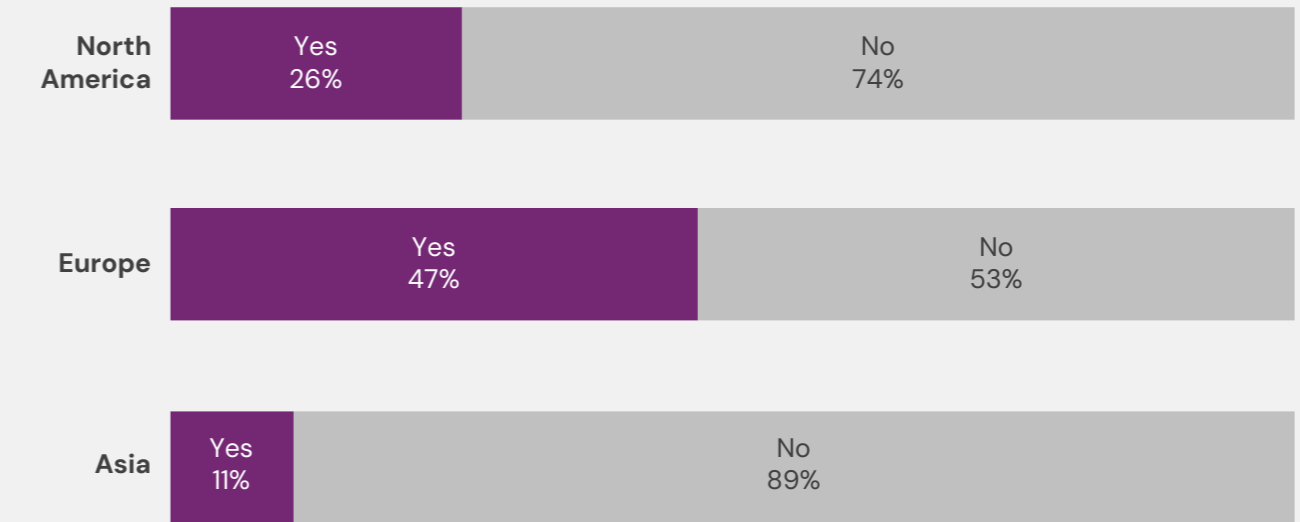
Is there any review or assurance process over your published Sustainability Reports?



In terms of disclosures, a significant majority (82%) of our managers surveyed have published some form of sustainability report. These reports are primarily reviewed by internal management (52%), with a smaller fraction being subjected to reviews by internal audit (11%) or by an independent third party (29%).

Sustainability Disclosures and Assurance (cont'd)

Managers with Independently Assured Sustainability Reports by Region

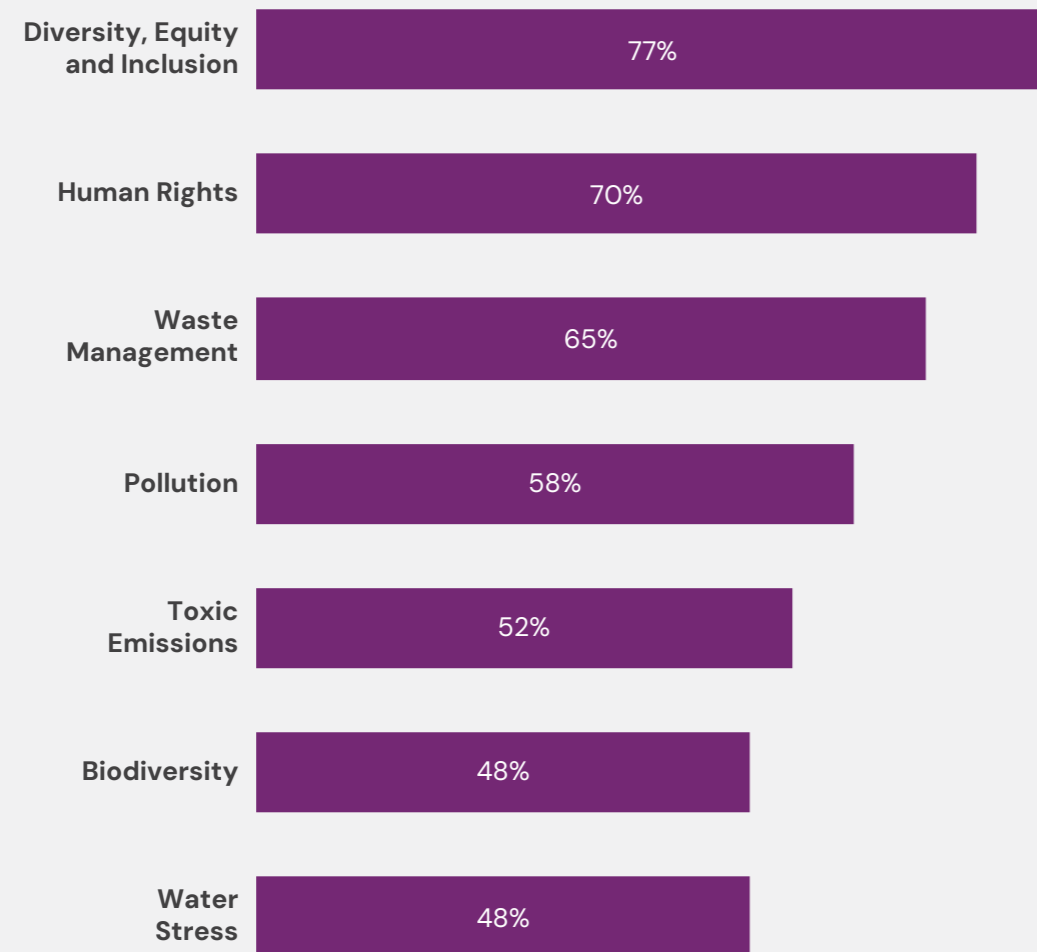


Along the same lines, we found that managers operating in jurisdictions with established disclosure regimes tend to have their sustainability reports independently assured. A greater proportion of our European managers (47%) indicated this in their responses compared to those in North America (26%) and Asia (11%). This trend is likely influenced by greater accessibility of data, uniform disclosure standards and assurance mandates introduced by regulations such as the Corporate Sustainability Reporting Directive (“CSRD”) in Europe.

Given that multiple jurisdictions around the world have begun or have already implemented sustainability-related disclosure regimes, we anticipate more clarity on the assurance requirements of sustainability disclosures and an increase in the number of managers with independently assured sustainability reports.

Other Sustainability Themes

Which other sustainability themes have you considered as part of your investment process?



While certain sustainability themes such as Diversity, Equity & Inclusion (77%) and Human Rights (70%) are prevalent amongst our managers' ESG considerations, we are starting to observe other environmental-related considerations being included as part of their investment process. Some of these themes – such as Waste Management (65%) – are closely related to emissions and climate change. However, we believe that nature-based considerations such as Biodiversity (48%) will become increasingly integrated into our managers' investment process over time, especially with emerging guidance from international initiatives such as the Taskforce on Nature-related Financial Disclosures (“TNFD”).

Key Takeaways

Overall, the survey results indicate an encouraging shift in how ESG is viewed by managers – from being viewed conventionally as a means of risk management, to being recognized by managers as part of their value creation strategies. This shift is driven by a growing awareness and appreciation of ESG considerations, which we see as a result of our managers' earlier efforts in developing and integrating ESG frameworks with their investment processes.

Additionally, we observe that more managers are starting to measure or invest in tools to measure portfolio emissions, a trend which is likely driven by the regulatory impetus of climate disclosure regimes such as the CSRD and ISSB.

Apart from the above, we gained some key insights and identified several best practices regarding our managers' responsible investing processes which we would like to share below:

- ESG Considerations In Performance Evaluation Gaining Traction** – While ESG-specific compensation mechanisms are yet the norm due to the lack of standardized ESG metrics for performance measurement, we are starting to see more managers factoring in qualitative ESG considerations as part of a wider performance scorecard for their firm and teams' performance. **This is in line with our earlier observation that managers are starting to view ESG as an opportunity to create value (and hence enhancing investment performance in the process), rather than just a risk management tool**
- Managers Continue to Develop Their ESG Capabilities** – Most of our managers continue to invest in developing their ESG capacity within the firm. Apart from hiring dedicated ESG personnel, a number of managers have also focused on cultivating ESG capabilities within the investment team. This includes developing due diligence toolkits and checklists to empower investment teams to address ESG concerns and refining investment memo formats to include dedicated sections for ESG matters
- Leveraging Technology** – Managers are investing in technology to facilitate the collection and reporting of ESG data, likely driven by increased investor and regulatory demand for ESG reporting. Such technology systems range from internally developed ones to third-party solutions, most of them offer the managers a centralised platform to gather, track and assess ESG KPIs from their portfolio companies. We also noticed managers embarking on standardisation efforts for tracked ESG metrics, with some aligning the scope of data being collected with the categories designated by the EDCI
- ESG Capacity Building in Portfolio Companies** – Managers are starting to get hands-on in building ESG capabilities and practices in their portfolio companies, and quite a number of managers we surveyed identified this goal as one of their major ESG initiatives in the near term (e.g. 12 months). Examples cited by the managers in this regard include providing training on emerging ESG topics, developing and providing ESG assessment toolkits and KPI frameworks, and helping their portfolio companies to establish their ESG strategies. There are managers who organise sharing sessions in which the portfolio companies exchange ESG best practices. This fosters mutual learning from successes and challenges and collectively raises the quality of sustainability practices.

ALTRIUM SUSTAINABILITY FUND I (“ASF I”)

Sustainable returns over the long term depend on stable, well-governed social, environmental and economic systems

Altrium Sustainability Fund I was launched to enable like-minded investors to build an investment portfolio focused on ESG opportunities. It aims to achieve positive environmental and social outcomes alongside PE financial returns

About ASFI



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 (“SDG”) 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

ASF I’s 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



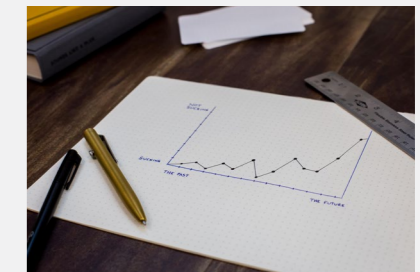
Increase access to essential healthcare

Education



Address unequal access to education

Financial Inclusion



Improve availability and equality of opportunities to access financial services

Curating The ASFI Portfolio

The ASFI portfolio has made investment commitments to six managers to-date, each demonstrating a strong commitment to addressing environmental and social challenges.

Environmental	
Social	
ESG Generalist	

In curating the ASFI portfolio, over and above the same discipline and rigor we apply in manager selection for our other funds, we have developed a proprietary ESG assessment framework that serves as enhanced due diligence for sustainability-oriented investments.

This assessment framework, developed specifically for ASFI, helps us evaluate potential managers based on the key principles on the next page.

Intentionality & Conviction

Assessing the credibility of sustainability and impact objectives

A well-defined sustainability thesis involves articulating a problem statement, an investment strategy to solve it and the expected benefits to be derived. We reference the United Nations Sustainable Development Goals (“UN SDGs”) as they represent a set of environmental, social, and economic challenges that can be universally applied to all countries. We evaluate how managers express their conviction through their business case as well as their role in advancing the intended outputs and outcomes.

Additionality & Expertise

Team structure, knowledge, and experience to execute the investment strategy

We assess the manager’s level of expertise to execute their investment strategy. Apart from adequate resources, the presence of specialists on the team or collaboration with experts and consultants in specific impact arenas, indicates technical know-how to support and strengthen the process of creating positive outcomes. Diversity of experience across industries, policy areas, breadth and depth of network connections, are also key differentiators.

Measurement & Accountability

Performance monitoring & transparency in reporting relevant metrics and targets

A pre-requisite to evaluating performance is a set of key performance indicators (“KPIs”) that are aligned to the sustainability thesis. In the ASFI portfolio, we therefore look at how managers outline their approach to creating and measuring positive change, including the systems and processes used to regularly monitor progress against set targets.

We do expect ASFI managers to report on the KPIs and progress relative to their sustainability thesis at the portfolio company level. A gold standard in accountability would entail disclosure of data assumptions, methodology and the verification thereof.

Each ASFI investment is scored against this framework and were selected due to their strong performance from an organisational, process and reporting standpoint. All managers in the ASFI portfolio to-date are PRI signatories, reflecting their commitment to responsible investment. We are also pleased to note that majority of our managers in ASFI have their funds classified as Article 9 under the Sustainable Finance Disclosure Regulation (“SFDR”)¹, yet another indication of the high level of conviction they have in their distinct sustainable investment objectives.

1. SFDR Article 9 funds have a commitment to invest in companies that contribute to environmental or social sustainability and are subject to additional disclosure requirements.

Manager Spotlight

In line with the energy transition theme for our sustainability report this year, we shine the spotlight on HitecVision, a PE fund manager that ASFI committed to at the start of the year¹

HITECVISION

We are excited to have a pure-play energy transition manager in the ASFI portfolio and showcase below how HitecVision fits into the ESG selection framework for ASFI as well as how one of their earlier portfolio investments is making a difference to global energy goals.

About HitecVision

HitecVision is a leading provider of institutional capital to Europe's energy industry, with nearly four decades of investing experience, having started out in the oil and gas industry. In 2022, with the launch of their New Energy Fund, HitecVision took the bold step of dedicating their entire investment strategy to build companies that support the energy transition. The fund has since established a portfolio of companies spanning offshore and onshore wind power, solar power, hydropower, carbon capture and storage and more.

Intentionality & Conviction

Assessing the credibility of sustainability and impact objectives

HitecVision has its roots exclusively in the energy industry since its founding. Since 2019, all new investment activity was focused on the energy transition across the main verticals of renewable power and electrification, sustainable fuels, and optimised energy systems. HitecVision intends to promote the reduction of greenhouse gas emissions and is aiming for a net zero portfolio by 2030. The commitment to HitecVision aligns with ASFI's Environment / Climate theme and UN SDGs 7 and 13 on Affordable and Clean Energy and Climate Action.

Additionality & Expertise

Team structure, knowledge, and experience to execute the investment strategy

HitecVision has established or invested in more than 200 companies in the energy industry. Their investment team comprise sector specialists with extensive operational and investment experience from all parts of the industry. Their long history and deep networks support and strengthen their value creation process.

Measurement & Accountability

Performance monitoring & transparency in reporting relevant metrics and targets

HitecVision reports ESG metrics on each portfolio company in accordance with the Global Reporting Initiative and have subject their sustainability report to limited assurance.

Further, to help investors appreciate the impact of the New Energy Fund program, HitecVision engages a consultant to develop a model for each investment in the program to calculate avoided carbon emissions, which is the difference between the emissions generated from a project and the baseline scenario of using conventional technology or fuel.

1. ASFI made a commitment to HitecVision's New Energy Fund II in Jan 2024

We showcase Vårgrønn, one of HitecVision’s portfolio companies and how it is contributing to the energy transition and creating positive environmental and social outcomes.



Vårgrønn is a Norway-based offshore wind company that develops, constructs, operates and owns offshore wind energy and infrastructure. It owns 20% of the Dogger Bank offshore wind farm, which, when completed, will be the world’s largest offshore wind farm with 277 turbines and an installed capacity of 3.6 GW in total.

Each rotation of Dogger Bank’s first operational turbine can produce enough clean energy to power an average British home for two days¹. With the United Kingdom’s (“UK”) goal to reach

50 GW of offshore wind capacity by 2030, the Dogger Bank wind farm goes towards meeting a huge part of this goal, capable of powering up to 6 million homes annually (see Box Exhibit).

In addition to the new stream of employment opportunities created and boosting the economies of nearby towns, the Dogger Bank project is estimated to avoid more than 70 million tons of CO₂e emissions over the lifetime of the wind farm². Each turbine saves the equivalent of 9,000 vehicles’ emissions in a year².

1. Doggerbank.com
 2. HitecVision 2022 ESG report. Avoided emissions estimated based on the installed capacity of Dogger Bank wind turbines, the number of wind turbines and capacity factor.

Box Exhibit: Say Watt?



A watt-hour is the amount of energy produced by a one-watt source running for one hour.

- 1,000 Wh = 1 kWh
- 1,000 kWh = 1 MWh
- 1,000 MWh = 1 GWh
- 1,000 GWh = 1 TWh

Capacity vs Generation

Capacity is a measure of how much power a power plant can put out.

Generation is a measure of how much energy a power plant actually produces. As a power plant does not run 100% of the time, a Capacity Factor is used to calculate its energy output.

The energy output of the 3.6 GW Dogger Bank wind farm with a 55% capacity factor = 3.6 GW x 55% x 24 hours x 365 days is approximately **17 TWh**, capable of powering up to 6 million homes annually².

Managers like HitecVision in the ASF portfolio not only bring specialised expertise to enable investors to allocate their capital to the transformative sustainable energy sector, but also enable investors to envisage the carbon emission impact of their decisions.

As the global momentum towards cleaner energy accelerates, the strategic choice of fund managers becomes a pivotal step in driving both environmental progress and portfolio resilience.

Other ASFI Case Studies



Company
Continuum

General Partner
Ara Partners

Geography
United States,
North America

Investment Date
April 2022

SDGs



Continuum Powders is a pioneering company in the field of sustainable metal powder production. Continuum’s solutions transform scrap metal into high-quality metal powders for a wide range of applications in additive manufacturing. Additive manufacturing, also known as 3D printing, is a process which creates three-dimensional objects from a digital model.

IMPACT RATIONALE

Additive manufacturing requires the use of materials in powder, filament or liquid form to produce complex and customised parts on-demand. Demand for additive manufacturing usually arises from industries with a need for such customized parts, such as aerospace, transportation and medical equipment.

Continuum’s approach promotes the circular economy of metals in the additive manufacturing process, by diverting scrap metal as well as unused manufacturing powder, repurposing them into valuable metal powders. This reduces supply chain dependence on carbon intensive activities arising from the conventional production of metal powders, such as extractive mining and processing of metals, and reduces waste.

Continuum has also taken steps to decarbonise its manufacturing process – the company uses renewable sources of electricity and certified green argon gas feedstock made using nearly 100% renewable energy in the production of metal powders.

In addition, Continuum offers the option of deploying their compact foundry platform onsite, allowing customers to produce the same quality metal powders at the point of need. This decentralised approach further reduces the emissions of both Continuum and its customers reducing transportation costs and materials wastage.

Continuum is disrupting the metals powder manufacturing industry with an end-to-end Powder Lifecycle Management, producing high-quality metal powders using 100% recycled metal feedstocks for advanced manufacturing, along with having substantially lower carbon footprint compared to traditional powder offerings and added benefit of waste avoidance. Continuum’s offerings are poised for increased market demand as industries and producers face mounting pressure to integrate circularity and recycled materials into their processes.

IMPACT METRICS

Unable to disclose metrics due to confidentiality reasons.

Source: Ara Industrial Decarbonization Report 2023, Continuum’s Webpage

Other ASF I
Case Studies

Cycle0

Company
Cycle0

General Partner
Ara Partners

Geography
United Kingdom,
Europe

Investment Date
March 2022

SDGs



Cycle0 focuses on capturing methane from the agri-food sector and turning it into biomethane for vehicles and grid injection. Cycle0 builds, owns, and operates modular treatment, liquefaction, and compression processing equipment for small and medium scale biogas producers.

IMPACT RATIONALE

Cycle0 partners with farmers and agri-food producers to build small-scale biomethane facilities that convert waste into renewable natural gas. This not only generates extra revenue for farmers and producers, but it also provides energy security for them through localised production and distribution.

Further, methane is a potent greenhouse gas, with 80 times the warming potential of carbon dioxide in the first 20 years after it is released into the atmosphere. The agri-food sector is the largest emitter of methane, accounting for 32%¹ of anthropogenic methane emissions. By capturing methane from decaying organic waste, Cycle0 helps to reduce the amount of methane emitted into the atmosphere, therefore actively supporting global targets to reduce carbon emissions.

Source: Ara 2022 Impact Report, Cycle0's Webpage

1. United Nations Environment Programme, Aug 2021. Data about livestock methane emissions from UNEP Article on Methane Emissions. Obtained from the website at: <https://www.unep.org/news-and-stories/story/methane-emissions-are-driving-climate-change-heres-how-reduce-them#:~:text=Livestock%20emissions%20%E2%80%93%20from%20manure%20and,of%20human%2Dcaused%20methane%20emissions>
 2. REPowerEU is a European Commission proposal to end reliance on Russian fossil fuels before Russian invasion of Ukraine
 3. REPowerEU Plan of 18 May 2022

Biomethane that is produced from Cycle0's processes can be used as a substitute for conventional fossil-based natural gas. It is an alternative energy source for power and heating systems, a readily available solution for hydrogen production, and a means for powering and decarbonising heavy-duty transport industries. In 2021, more than 30% of new ship builds are fuelled by Liquefied Natural Gas ("LNG"). When run on 100% Bio-LNG, carbon emissions can be reduced by 93%.

Cycle0's technology produces biomethane that is 99% pure and is suitable for direct connection to any existing natural gas grid. With REPowerEU's² goal of producing 35 billion m³ of biomethane production by 2030³, Cycle0's solutions are expected to contribute substantially to Europe's energy security.

IMPACT METRICS

Unable to disclose metrics due to confidentiality reasons.

Other ASF I Case Studies



Company Previero

General Partner Ambienta

Geography Italy, Europe

Investment Date May 2023

SDGs



Previero is the pioneer in the plastic mechanical recycling space, driving market innovation and delivering benchmarking quality standards. As of today, the company is among the few players capable of offering turnkey recycling solutions covering the entire pre-processing phase (commonly named “from bale to flake”) and addressing all types of feedstocks (i.e., PET, films, HDPE). Their solutions cover various mechanical phases such as shredding and grinding, separating, washing and drying, which turns post-consumer and post-industrial waste into high quality flakes for re-processing.

IMPACT RATIONALE

Global plastic waste generation hit 353 million tonnes in 2019, more than double that of 2000. Of this, only 9% is recycled¹ while the vast majority is mismanaged, ending up in landfills, incinerated, or dispersed into the environment. The current plastic lifecycle is unsustainable, as the slow rate of plastic degradation combined with its widespread use and release into the environment has made end-of-life management for plastics one of the most challenging global environmental issues.

Plastic recycling reduces GHG emissions and energy consumption as compared to primary methods of plastic production. Lifecycle assessments indicate recycling would result in 40-70% less carbon emissions and consume 60-90% less energy than the production of virgin polymers, depending on the type of plastic and recycling process.

As governments manage climate-related risks in their economy, regulations such as the EU Packaging and Packaging Waste Directive which impose recycling and recycled content targets on businesses are becoming increasingly common. Previero recycling solutions represent a key enabler of the transition towards plastic circularity, turning post-consumer and post-industrial plastic waste into high quality flakes with positive impact on material recycled, landfill saved and reduction in CO₂ emissions.

IMPACT METRICS

Metric	Impact	Equivalent to
Energy Saved ²	145,759 MWh	237,000 refrigerators
Landfill Saved	8,341 m ³	Waste generated by 55,608 people
CO ₂ Emissions Reduced	14,864 tons of CO ₂ equivalent	6,978 passenger cars
Materials Recycled	11,261 tons	3% of Milan's waste recycling

Source: Ambienta ESG & Environmental Impact Report 2023, Previero's Feature on Ambienta Webpage

1. OECD, Feb 2022. Data about global plastic waste generation from “Global Plastics Outlook”. Obtained from the website at <https://www.oecd.org/environment/plastic-pollution-is-growing-relentlessly-as-waste-management-and-recycling-fall-short.htm>
2. Conversion from Tons of oil equivalent to MWh (1 Toe to 11.63 MWh)

Other ASF I Case Studies

LOGPOINT



Company
Logpoint

General Partner
Summa Equity

Geography
Denmark,
Europe

Investment Date
March 2023

SDGs



Logpoint is a cybersecurity company that provides a cyber defense platform to help organisations detect, investigate and respond to cyber threats. It positions itself as a European alternative to U.S. cybersecurity products, with a strong emphasis on data privacy to serve European customers.

IMPACT RATIONALE

Logpoint’s products protect critical infrastructure, financial institutions, government agencies, educational institutions and other areas that safeguard important social outcomes.

Cybercrime is the largest criminal activity in the world. With the global annual cost of cybercrime predicted to reach US\$10.5tn in 2025¹, cybersecurity software plays a critical role in protecting individuals, businesses, and governments from cyber threats. Financial losses aside, cybercriminal activity such as ransomware, phishing and insider threats, can result in identity theft, fraud and even the loss of lives where critical infrastructure is involved.

Source: Logpoint’s Feature on Summa Equity Webpage, Logpoint’s Webpage

1. McKinsey & Company, Oct 2022. Data about cost of cybercrime from “New survey reveals \$2 trillion market opportunity for cybersecurity technology and service providers”, obtained from the website at <https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/cybersecurity/new-survey-reveals-2-trillion-dollar-market-opportunity-for-cybersecurity-technology-and-service-providers>
 2. This key performance indicator measures the monthly average number of network nodes that are monitored using Logpoint’s software. Node represents the essential endpoints within a network that facilitates the transmission and processing of data.
 3. This is the monthly average number of clients in critical industries (e.g. energy, government, healthcare) that are using Logpoint’s solutions.

Logpoint’s key offering is the comprehensive cyber defense platform that integrates several security technologies. It combines Security Information and Event Management, behaviour analytics, automation, and case management solutions to protect against cyber threats. With the ability to ingest and analyse massive amounts of data from endpoints across the IT infrastructure, Logpoint’s platform can identify and respond to threats in real-time, maintaining the stability and integrity of vital networks, key public utilities, and strategic national assets.

The increasing frequency and sophistication of cyber threats, coupled with stringent regulatory requirements aimed at protecting data and ensuring information security, are set to position Logpoint as the integrated solution provider in addressing the growing demand for enhanced cyber solutions.

IMPACT METRICS

	2022	2023
Protected Nodes (average per month) ²	170,000	315,000
Clients in critical industries (average per month) ³	297	301

Other ASF I Case Studies



Company
PlasmidFactory

General Partner
ARCHIMED

Geography
Germany,
Europe

Investment Date
October 2022

SDGs



Based in Germany, PlasmidFactory is a leading Contract Development Manufacturing Organisation (CDMO) that develops and produces customised plasmid and minicircle DNA. Materials produced by PlasmidFactory range from those used in commercial applications such as mRNA vaccine production, to ‘Research’ and ‘ccc’-grade plasmid DNA used in preclinical applications and research studies. In this way, PlasmidFactory serves customers across the pharmaceutical and biotech value chain as well as academia, playing an indispensable role in downstream healthcare and bio-production, in addition to their application in research studies.

IMPACT RATIONALE

PlasmidFactory’s DNA products are used as starting materials for viral vectors in mRNA vaccines, cell and gene therapies (CGTs), and CAR-T programs, helping combat viruses like COVID-19, and intractable diseases like cancer, heart diseases and diabetes. Through its advanced offerings, PlasmidFactory supports its customers in accelerating the development of these essential vaccines and therapies, thus increasing efficiency for the medical industries, while helping expand access to healthcare, preventing the spread of diseases, and improving the quality of life for patients.

Source: ARCHIMED Sustainability and Impact Report 2023, PlasmidFactory’s Webpage

1. U.S. National Library of Medicine, Sep 2022. Data on estimated deaths prevented from COVID-19 vaccination programme from “Lives saved by COVID-19 vaccines”, obtained from the website at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9537923/>
2. Good Manufacturing Practice, or GMP compliance refers to adhering to a set of regulations and guidelines that ensure the quality, safety, and efficacy of manufactured products, particularly in industries such as pharmaceuticals and manufacturing of medical devices.

As witnessed during the COVID-19 pandemic, vaccines were not only vital in the fight against transmission of the virus and averting deaths¹, but were crucial in helping the world to get back to normal. The company’s expertise in plasmid and minicircle DNA production has been particularly valuable in the development of mRNA vaccines, including those for COVID-19. This accentuates the importance of contract manufacturers like PlasmidFactory in providing scale and access to plasmid DNA.

PlasmidFactory has gained recognition within the industry for producing DNA of exceptionally high purity, which is crucial for gene therapy and genetic vaccine research. Its products, particularly High-Quality Grade Plasmid DNA, are used in GMP-compliant² production of recombinant viruses, antibodies, and RNA for clinical trials. This has made PlasmidFactory an established supplier to biotechnology and pharmaceutical companies globally, allowing it to have a strong and sticky customer base in cancer research, cell and gene therapy (CGT), and chimeric antigen receptor T-cell development. Enabling the development of essential treatments can help reduce the burden and strain on the healthcare system by providing more effective interventions for challenging conditions.

In addition, to align with Sustainable Development Goals, PlasmidFactory directly contributes to SDG 3.3 through helping combat communicable disease epidemics, as well as SDG 3.8 as its offerings enable the provision of safe and effective vaccines for all. PlasmidFactory aims to provide better accessibility and safety for patients as wider access to essential vaccines reduces the global disease burden and spread, preventing health risks.

IMPACT METRICS

Metric	Impact
New Research and ‘ccc’ grade plasmid DNA customers	101
Customers from academia	12%
Number of patients who could be cured from diseases in 2030 with CGT products	100,000
Deaths averted from COVID-19 with mRNA vaccination	14.4 million

AZALEA IN THE COMMUNITY



Giving back to the community
where we live, work and play

Azalea In The Community

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, public forums, and our website content series, we aim to educate investors on private equity and the private equity-based products that we develop.

As part of our Astrea issuances, we produce explainer videos, management teach-in sessions to educate investors on the PE bond.

Astrea Investor Day is an annual webinar event where we share more about the bonds and its performance. We also make our Astrea PE Bond reporting materials publicly accessible through our website and social media channels.

In July 2023, we also launched our inaugural Azalea Investor Conference that brought together esteemed speakers to address topics including the state of private markets in 2023, looking under the hood of institutions investing in private equity, and how general partners seek to create value in a high interest rate and recessionary environment. The conference was well-attended by more than 230 guests including accredited and institutional investors.



Giving Back To Our Community

Azalea supports several charities and social enterprises to give back to our local communities. Our volunteering and giving programmes seek to strengthen social resilience and uplift lives by focusing on food security, health and well-being, education, decent work and economic growth.

Protecting our local fish farms and fishermen's livelihoods

It was all-hands-on-deck this year as the Azalea team partnered with Ocean Purpose Project ("OPP") for a beach cleanup in Pasir Ris. OPP is a social enterprise whose mission is to drive ocean conservation and plastic pollution prevention.



Plastic fished out from the sea was washed and scrubbed to be put into OPP's Plastic to Fuel unit. Through a process called pyrolysis, the waste plastic would later produce low sulphur fuel.



The seaweed we collected was to be used as biofilters, protecting our waters from pollution, benefitting our offshore fish farms, and keeping our local food safe for consumption.

Promoting Food Security

Our Finance team volunteered at Willing Hearts, a soup kitchen that prepares, cooks and distributes more than 7,000 meals a day, 365 days a year, island wide. Beneficiaries of these meals tend to be immobile, such as the elderly or disabled, or have limited time, such as single parent families and migrant workers.



Azalea also adopts food vending machines operated by The Food Bank Singapore. Such vending machines make food accessible round the clock and on-demand to beneficiaries in the heartlands. Frozen bento machines come equipped with an oven so food is served hot. The bentos are also specially curated by Food Bank to offer variety and proper nutrition.

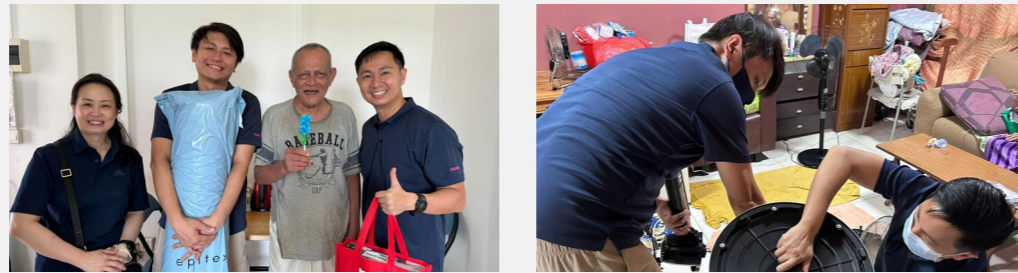


Giving Back To Our Community (cont'd)

Preserving Compassion & Dignity



Home Nursing Foundation brings nursing, medical, physiotherapy, specialist care, meals and emotional support direct into the homes of patients, thus empowering patients to live independently at home. The Azalea team contributed to this compassionate cause by delivering festive cheers and essential goods to patients during the festive season.



Access To Decent Work



HEB-Ashram is a halfway house to rehabilitate and reintegrate substance abusers into society. Azalea's contribution goes towards funding counselling and financial literacy programmes as well as skills development to enable residents to secure appropriate jobs and be gainfully employed.



Mushroom Buddies is a social enterprise run by volunteers and employees with special needs who carefully cultivate high-quality, organically grown mushrooms. Azalea bulk purchases these mushrooms for regular delivery to My NoNNA's, another social enterprise that trains differently-abled persons in their kitchens. Their delicious bentos have filled our tummies for some of our corporate events, creating a triple multiplier effect!



Giving Back To Our Community (cont'd)

Transforming Lives Through Education



The Singapore Institute of Technology offers applied degrees with a focus on science and technology. Azalea provided bursaries to help financially challenged students with tuition fees and study expenses. We hope to realise the full potential of future innovators to create solutions that address global issues and improve quality of life for all.



Catch Them Young ("CTY") aims to help children achieve better educational outcomes despite their family adversity. CTY's academic and sports enrichment programmes seek to build CRED – Confidence, Resilience, Empathy and Discipline in each child. Azalea's contribution funds CTY's dedicated and inspiring tutors and coaches.



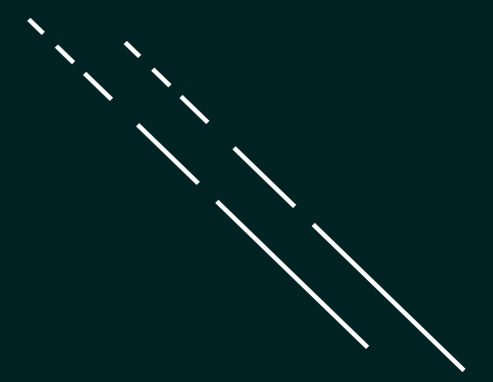
The Tasek Sailors leverage Singaporeans' passion for football to engage disadvantaged youth. Sports develop essential life skills such as focus, teamwork and leadership. Paired with structured mentoring, the programme has shown to promote better mental health, academic achievement, and social cohesion. Azalea sponsored a full youth team for a charity football fundraiser.

May we discover Singapore's next Fandi Ahmad!

Annex A – Operational GHG Emissions Calculation Methodology

Scope	Calculation Methodology
Scope 1: Direct Emissions	Azalea does not produce Scope 1 emissions given the nature of our business.
Scope 2: Purchased Electricity	<p>Attributable to indirect emissions from the use of electricity in our office premise.</p> <p>Electricity consumption data within our leased office space was obtained from electricity bills.</p> <p>The calculation of emissions utilised the average Operating Margin Grid Emission Factor (“GEF”) for Singapore. This factor, which stood at 0.4168 kg CO₂/kWh in 2022, was obtained from the annual publication on energy statistics issued by Singapore’s Energy Market Authority (“EMA”).</p>
Scope 3 Category 1 and 2: Purchased Goods & Services and Capital Goods	<p>Attributable to upstream emissions from the production of products purchased, including both goods (tangible products) and services (intangible products), and capital goods purchased (final products used by a company to provide a service; to manufacture a product; or to sell, store, and deliver merchandise).</p> <p>Activity data (spent amount) was obtained from the finance department.</p> <p>Quantification of emissions employs the Supply Chain Factors Dataset v1.1.1 (2016 summary commodity) developed by the United States Environmental Protection Agency. We acknowledged that the utilised emissions factors are based on U.S. context and reflect data from 2016. These factors may not precisely represent current region- and vendor- specific emission intensities.</p> <p>Our team is committed to enhancing the accuracy of our emissions calculations. We will continue to monitor the availability of more recent and relevant datasets. Should more accurate emission factors become available, we will evaluate their applicability and consider incorporating them into our calculation methodology.</p>
Scope 3 Category 6: Business Travel	<p>Attributable to indirect emissions generated from employees’ business travel (Air, Land and Sea) and hotel stays in the reporting year 2023.</p> <p>Activity data was obtained from internal travel records.</p> <p>The quantification of emissions was conducted utilising specific emission factors sourced from the UK Department for Environment, Food and Rural Affairs (“DEFRA”). These factors were applied as follows:</p> <p>Air Travel: Emission factors corresponding to the respective destination airports were employed.</p> <p>Overnight Accommodation: Factors relevant to the cities where lodging occurred were utilised.</p> <p>This methodology ensures a location-specific approach to emissions calculation, aligning with DEFRA’s standardised guidelines for environmental reporting.</p>

Scope	Calculation Methodology
Scope 3 Category 7: Employee Commute	<p>Attributable to emissions generated from employee commute (i.e. from the place of residence to their respective work site / offices).</p> <p>Activity data was obtained through Azalea’s annual employee commute survey to gather commute habits and patterns of employees.</p> <p>Emissions disclosed under this category excludes work from home arrangements.</p>
Scope 3 Category 8: Upstream Leased Assets	<p>Attributable to electricity consumption in areas of Guoco Tower leased by Azalea, including spaces not under Azalea’s direct operational control. These areas, such as common lighting and shared facilities, are utilised by Azalea and accounted for in rent / maintenance charges.</p> <p>Data on total electricity consumption for common areas in Guoco Tower was provided in the Sustainability Report by GuocoLand. To determine Azalea’s share, a proportional approach was adopted. The ratio of Azalea’s leased office space to Guoco Tower’s total floor area was calculated. This ratio was then applied to the total common area electricity consumption, yielding Azalea’s apportioned usage.</p> <p>For consistency with Scope 2 calculations, the GEF obtained from the EMA was used. This factor was applied to Azalea’s apportioned electricity consumption to derive the associated emissions.</p>



Investing for all
our tomorrows



Disclaimer

Information provided in this Sustainability Report (including statements of opinion and expectation) (the “**Information**”) is given as general information relating to the Astrea and Altrium Platform that is managed by Azalea Investment Management Pte. Ltd. (the “**Manager**”).

This document may contain highly confidential and proprietary information, and the distribution or divulgence of the document content to any other person without the prior written consent of the Manager is prohibited. In accepting the document, each recipient (the “**Recipients**”) agrees that it will (i) not copy, reproduce or distribute the document, in whole or in part, in original form or any derivative version using any of the information contained herein, to any person or party without the prior written consent of the Manager, (ii) keep permanently confidential all information contained in this document, and (iii) use the document solely for the purpose set forth in the first paragraph.

Certain information and data in this report were obtained from various external sources and have not been verified with such sources. None of Azalea, its affiliates, nor any of their respective directors, officers, employees, partners, shareholders, affiliates, agents or advisers (collectively, “**Azalea**”) assumes any responsibility for the accuracy of such information, or has an obligation to update this document, correct any inaccuracies or provide the Recipients with access to any additional material and each of them reserves the right to amend or replace the same at any time upon their sole discretion. There can be no assurance that any trends, estimates or projections described herein will continue or be realized. Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards.

The ESG goals, commitments, incentives and initiatives outlined in this report are (i) purely voluntary, (ii) not binding on Azalea’s investment decisions and/or management of investments, (iii) not a guarantee, promise or commitment regarding actual or potential positive impacts or outcomes

associated with investments owned and/or managed by Azalea and (iv) subject to not being implemented at the sole discretion of Azalea. There can be no assurance that Azalea’s ESG policies, initiatives, and procedures as described in this Sustainability Report will be applied or will continue to be applied to a particular investment.

Nothing contained in this report is, or shall be, relied upon as a promise or representation as to the past or future performance of any fund manager and/or portfolio company. This report is not and does not constitute or form part of, and is not made in connection with, any offer, invitation or recommendation to sell, or any invitation or solicitation of any offer to subscribe for or purchase any interests of any entity by any person.

Any forward-looking statements in this report are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience, our present expectations, or anticipated results. Therefore, undue reliance should not be placed on such statements, or the conclusions drawn therefrom. Any forward-looking statement speaks only as of the date on which such statement is made, and Azalea expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements.

Additionally, terms such “**ESG**,” “**Impact**” and “**Sustainability**” can be subjective in nature, and there is no representation or guarantee that these terms, as used by Azalea in this report, will reflect market trends or the preferred practice of another party.