ADM CAPITAL

# 2024
## Asia Private Credit
# SUSTAINABILITY REPORT

Published July 2025

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**About this Report**

This is an annual sustainability report of Asia Debt Management Hong Kong Limited outlining the environmental, social and governance ("ESG"), including climate and nature-related risks, management practices and performance of our direct operations and investment activities. This report is prepared with references to the Ten Principles of the United Nations Global Compact ("UNGC"), the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and the Taskforce on Nature-related Financial Disclosures ("TNFD"). The climate-related disclosures included in this report aim to ensure compliance with the climate-related risk management requirements set forth in the Fund Manager Code of Conduct ("FMCC") issued by the Securities and Futures Commission ("SFC").

We welcome your feedback on our sustainability report and approach. If any, please contact us by email at admasiaesg@admcap.com or ir@admcap.com.

# EXECUTIVE SUMMARY

## ESG INTEGRATION: MANAGING RISKS AND UNLOCKING VALUE

We view ESG integration as essential to our fiduciary duty, allowing us to systematically identify, assess, and manage ESG risks and opportunities. Our goal is to incorporate these considerations into our investment process to enhance decision-making and improve our portfolio's risk-adjusted performance, while also pursuing opportunities that align with the region's transition priorities.

### Our ESG Strategy

We embed ESG considerations into the core of our business through our Environmental and Social Management System ("ESMS").

The ESMS informs investment decisions at every stage – from deal sourcing to exit. It outlines how we identify, evaluate and manage ESG risks, beginning with an exclusion list that is largely based on the IFC exclusion criteria. It also defines how our ESG policies are operationalised through internal structures, processes and staffing. We continuously refine our processes to stay ahead of the evolving sustainability landscape.

**This year, we developed a proprietary pre-concept ESG toolkit to support the investment team in conducting preliminary screening of pipeline deals.**

### Thematic Strategies

As Asia moves swiftly towards a low-carbon future, ADM Capital is seizing opportunities through thematic strategies. Our climate impact strategy addresses the funding gap for SMEs in Indonesia that are engaged in sustainable agriculture, agroforestry and aquaculture. In 2024, we completed two transactions to a vertically integrated coconut nira-based consumer packaged goods manufacturing business and restructuring a wood products manufacturer .

To support Asia's growth and urbanisation, we established a strategy to finance SMEs leveraging megatrends such as intra-regional financing, addressing market illiquidity, supporting the growing middle class, and meeting the rising demand for sustainability solutions.

### Stewardship & Engagement

Through active engagement with our borrowers, we gain a deep understanding of their businesses and the risks and opportunities that contribute to their financial value. ESG is a significant part of the on-going communication, where we have developed three essential tools to monitor our borrowers' performance:

1. Environmental and Social Action Plan ("ESAP"), a time-bound action plan, to mitigate risks identified during ESG due diligence;
2. ESG KPIs to proactively monitor risks and measure value-add to a borrower in a transaction; and
3. Sustainability targets to provide incentives for borrowers to adopt industry best practice.

## UNPRI REPORTING

In 2024, we were awarded top ratings in all categories for the 2024 UN Principles for Responsible Investment Assessment. We also secured external assurance for our policy, governance, and strategy, resulting in our scores significantly outperforming the Asian median across all categories.

*Signatory of:*

PRI Principles for Responsible Investment

| Policy, Governance and Strategy | Direct - Fixed Income - Private Debt | Confidence Building Measures |
|---|---|---|
| ★★★★★ | ★★★★★ | ★★★★★ |

## ESG AWARDS

Environmental Finance Sustainable Debt Awards 2025 Winner Investor of the year (asset manager)

Investor of the Year (Asset Manager) in the Environmental Finance Sustainable Debt Awards 2025

New Private Markets

Global Private Debt Firm of the Year (ESG) 2024 Award from New Private Markets

## MANAGING ENVIRONMENTAL RISK

We are dedicated to managing environmental risks while addressing the urgent challenges of climate change and biodiversity loss. We aim to reduce our environmental footprint and mitigate risks for our investment portfolios.

### Climate Change

We actively manage our carbon footprint by tracking our operational performance. Meanwhile, we identify and manage relevant physical climate risks to our deals throughout the investment cycle. We encourage and support our borrowers in enhancing their resilience against the impacts of climate change.

**59%** reduction in electricity intensity per employee since 2019

**67%** of reporting deals[1] have a climate change policy

**24%** of total electricity consumption of our portfolio was sourced from renewable energy

### Nature & Biodiversity

We integrate nature considerations into our investment processes throughout the investment cycle, focusing on borrowers' nature impacts and interfaces given that our own is minimal.

At the pre-concept and concept stages, deals are screened using an ESG toolkit that includes nature risk factors; for existing deals, the ESAP and ESG KPIs include nature-related items, where relevant, to ensure that nature-related risk is considered and managed.

**78%** of AUM[2], of projects whose key assets were assessed, do not have an interface with a sensitive location.

**62%** of our AUM[2] are in sectors with at least one high or very high pressure on ecosystem services.

**86%** of our AUM[2] are in sectors with at least one high or very high dependency on ecosystem services.

## MANAGING SOCIAL RISK

We acknowledge that companies that prioritise diversity, inclusivity and respect for human rights generally outperform their peers. We strive to promote diversity of thought and uphold human rights standards across our firm and within our portfolio companies.

### Diversity, Equity & Inclusion

In line with our DEI policy, we provide dedicated training to our employees and integrate DEI into our ESG due diligence process for investment activities, with ESAP items and sustainability targets established to drive improvement.

**48%** female representation across our total workforce

**27%** female representation across our portfolio[3]

**76%** of reporting deals[1] have an anti-discrimination policy

### Human Rights

We view human rights as an ethical and legal obligation with financial implications. We incorporate these considerations into our ESG integration processes and encourage borrowers to use DiginexLUMEN, an online labour risk assessment tool, to manage modern slavery risks in the supply chain.

**68%** of reporting deals[1] have an external grievance mechanism

**73%** of reporting deals[1] have an internal grievance mechanism

**63%** of reporting deals[1] have a human rights policy

## MANAGING GOVERNANCE RISK

ADM Capital is committed to strong ethical standards and responsible business practices, reinforced by our membership in the United Nations Global Compact.

### Across Our Investment Activities

We identify and manage governance-related risks through our ESG due diligence process and develop ESAP items—such as anti-corruption policies and the establishment of ESG committees—to enhance governance practices and bolster the ESG capacity of our portfolio companies.

**75%** of reporting deals[1] have a business ethics policy

**59%** of reporting deals[1] have a whistle-blower policy

**78%** of reporting deals[1] have an ESG Committee and/or dedicated ESG staff

### Across Our Firm

ADM Capital's Compliance Manual and Code of Ethics require employee acknowledgment and enforce disciplinary actions for non-compliance. We prioritise training and provide channels for reporting grievances and violations.

**100%** of our employees received third-party compliance training

Performance related to investment activities in 2024

Performance related to ADM Capital direct operations in 2024

1. The percentage is calculated using the outstanding loan value of deals active as at 31 December 2024, that had reported the corresponding ESG KPI.
2. AUM refers to the outstanding loan value of deals across our portfolio as at 31 December 2024.
3. This is a weighted average based on the proportion of outstanding loan value of each deal that reported relative to the total outstanding value of all deals that reported as at 31 December 2024.

# MESSAGE FROM THE ADM CAPITAL TEAM

The landscape surrounding sustainability and ESG investing has continued to evolve this past year and at times contentiously. The politicisation of ESG in global discourse, has introduced new complexities to our work. Yet, at its core, our mission remains unchanged: to direct capital in ways that are both responsible and impactful, with a clear focus on long-term value creation for our borrowers and our LPs.

Lending across Asia's dynamic and diverse economies, our private credit strategy serves a critical need—providing tailored financing to small and medium-sized enterprises ("SMEs") that are often underserved by traditional capital markets. These businesses represent the backbone of regional economies and are frequently at the frontlines of both environmental vulnerability and opportunity. Our role is not only to extend capital where it is most needed but also to serve as a partner in the transition towards more sustainable business models.

Our focus remained this year on transition—supporting borrowers in sectors that face material ESG challenges but also possess the will and potential to transform. We believe true sustainability progress comes not from exclusion, but from engagement and measurable improvement. As such, we are working closely with portfolio companies to help them chart credible transition pathways aligned with international standards.

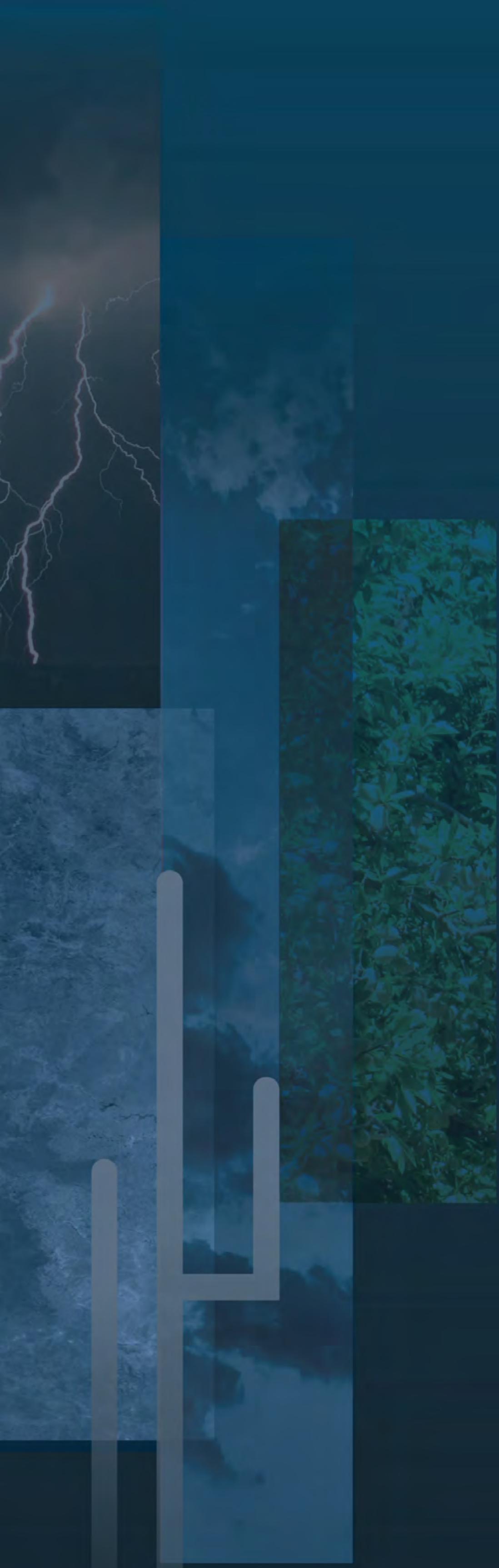
Indeed, stewardship and engagement are key to our strategy, both in terms of making sure we are repaid but also supporting our borrowers to deliver on our Environmental Social Action Plans, designed in partnership with each borrower. These are key to helping our companies make changes that will deliver resilience and help prepare them for a more challenging future. Our ESG KPI reporting, which is reflected in this report, allows us to consider where we are successful and where we need to place more emphasis.

In 2024, we placed more emphasis on nature-related risks and opportunities, with support from the ADM Capital Foundation, with long years of working on natural capital relate projects. The accelerating loss of biodiversity represents both a systemic threat and an emerging area of strategic importance for our investment framework. We are aligning our practices with the Taskforce on Nature-related Financial Disclosures ("TNFD") and integrating nature considerations more deeply into our credit underwriting, monitoring, and engagement processes through our core ESG strategy and managing projects to IFC Performance Standards. In 2024, we published our first joint TCFD and TNFD reports. This year, for efficiency and to avoid duplication, we are folding the TCFD and TNFD reports into our Sustainability Report.

Gratifyingly, we received two ESG awards: Investor of the Year (Asset Manager) at the Environmental Finance Sustainable Debt Awards 2025 and Private Debt Firm of the Year (ESG) 2024 from New Private Markets. These accolades recognise ADM Capital's ESG leadership among the world's largest private credit fund managers and our ongoing commitment to integrating ESG principles throughout our investment process while managing risk and future-proofing our portfolio companies. Also, we achieved top ratings in all categories for the 2024 UN Principles for Responsible Investment Assessment.

We hope you can see that as the ESG debates rage on in certain quarters, we remain grounded in a pragmatic and purpose-driven approach. Our commitment is to deliver risk-adjusted returns to our investors while supporting real-world sustainability outcomes for the businesses we finance. In this report, we outline our progress, our challenges, and the path forward.

ADM CAPITAL



# ABOUT ADM CAPITAL

By leveraging our strong partnerships and wide network throughout Asia-Pacific, we aim to foster positive transformation for businesses, backing entrepreneurs and future leaders of industry in areas where conventional financing is lacking.

With 27 years of expertise in private credit across the Asia-Pacific region, ADM Capital stands as a leading ESG-integrated private credit fund manager dedicated to supporting the growth of underbanked SMEs in the region.


## Our Investment Strategies

ADM Capital holds the view that a company's ESG factors significantly impact its performance and refinancing risk. Therefore, we are committed to ensuring that our investments not only deliver strong returns but are also grounded in robust ESG principles. ADM Capital collaborates closely with the ADM Capital Foundation, an impact-driven, environmentally focused foundation seeking to make positive impacts in Asia.

### Secured direct lending

Our secured lending strategy looks to generate uncorrelated returns and alpha over liquid credit markets via proprietary sourcing, tight deal controls and strong collateral packages. ADM Capital uses its position as a secured lender to drive positive environmental and social developments in its portfolio companies.

### Climate-focused credit

ADM Capital Climate seeks to help finance the vast shifts underway in the power, food and land use sectors in Asia. Drawing on the firm's experience in Asia-Pacific lending and ESG leadership, ADM Capital Climate works with leading development finance institutions and internationally recognised impact investors to deliver investment vehicles built on partnerships, community and conservation.

## 2024 HIGHLIGHTS[4]

**AUM:**
**USD 1.5bn**

**Cumulative No. of Loans Made:**
**200+[5]**

**Cumulative Direct Lending Assets:**
**~USD 6bn[5]**

**Cumulative Fully Exited Loans:**
**150+[5]**

**Regional Coverage:**
Long-standing experience investing in all Asian geographies

**Direct Lending Experience:**
**25+years**
(since 1998)

**Number of staff:**
**44**

4. As at 31 December 2024.
5. The figure represents the cumulative total as at 31 December 2024, covering the period since 2004.

## Our People & Culture

We believe that people are core to our success at ADM Capital. We remain dedicated to fostering a collaborative and inclusive environment that nurtures innovation and adaptability. We value diversity, which helps enrich our perspective and strengthen our decision-making. Please refer to the Supporting DEI within our workplace section for more details.

We dedicate significant effort in recruiting, developing and retaining skilled and experienced staff. To attract and retain a diverse pool of talented individuals who we believe will add value to the firm, a series of formal and informal initiatives has been implemented. We also encourage continuous learning and development, supporting the growth of our staff.

**91%** employee retention rate[6]

5+ **43%** of employees have been with the company over 5 years

5+ **82%** of senior employees have been with the company over 5 years

**9%** turnover rate[7]

10+ **27%** of employees have been with the company over 10 years

10+ **64%** of senior employees have been with the company over 10 years

We aim to create an environment where employees feel comfortable sharing their opinions and maintain several employee engagement channels. Feedback from staff helps inform our priorities and decisions regarding workplace practices and culture.

### EMPLOYEE ENGAGEMENT CHANNELS

MON

**Weekly firm-wide Monday Morning Meetings**

**Employee Engagement Surveys**

**Anonymous Feedback Box**

**Formal Internal Complaints and Grievance Mechanism**

6. Calculated by dividing the number of employees as at 1 January 2024 by the number of remaining original employees as at 31 December 2024. Employees who joined the company after 1 January 2024 are not included in the calculation.
7. Calculated by dividing the number of employees who left in 2024 by the average number of employees as at 1 January 2024 and 31 December 2024.

## ADM Capital Foundation

The ADM Capital partners created ADM Capital Foundation ("ADMCF") in 2006, to address the "hairy underbelly" of Asia's growth narrative and associated environmental and social challenges. ADM Capital maintains close collaboration with ADMCF, which produces important data and research freely available to all on the Foundation website. ADMCF's research, data and expertise enhance ADM Capital's understanding of material environmental factors and offer valuable insights to strengthen our investment risk management, value creation and stewardship strategy.

The first phase in ADMCF's "theory of change" is research, which identifies the environmental and social challenges and explores potential solutions. ADMCF then convenes partners who collaborate to drive change in policy making process or corporate action. When ADMCF is unable to locate the ideal partner, the team incubates initiatives to further the identified change goals.

ADMCF operates through three programmatic areas:

### Protecting Wildlife and Landscapes

The Protecting Wildlife & Landscapes Programme is dedicated to enhancing the understanding of human impacts on biodiversity in a changing climate. In 2024, the programme focused on addressing wildlife trade and wildlife crime, both significant drivers of biodiversity loss. Concurrently, the programme advanced regional research on often-overlooked species such as mycorrhizal fungi. Efforts also included supporting initiatives aimed at protecting and restoring biodiversity in Hong Kong, while striving to reduce environmental pressures and strengthen resilience for both ecosystems and communities.

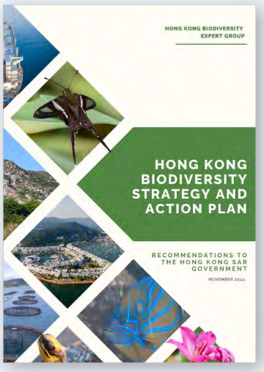
### Living Oceans

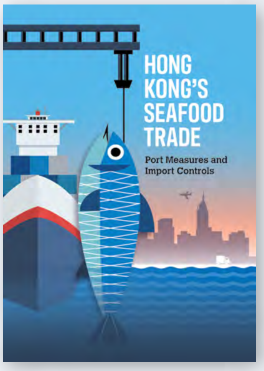
The Living Oceans Programme understands that the oceans change slowly, often leading short-term observations to overlook significant patterns. In 2024, the programme marked ten years of supporting and conducting research, providing crucial insights for conservation, protection and restoration efforts. This decade of work has resulted in three major outputs: forensic trade analysis to guide the implementation of CITES-listed shark fin regulations, biodiversity baselines to enhance marine protected areas policy and an assessment of regulatory gaps in Hong Kong's seafood imports—collectively promoting evidence-based ocean governance.

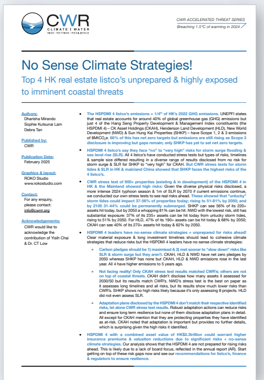
### Leveraging Finance

The Leveraging Finance Programme aims to drive business and finance toward more responsible use of our resources as well as unpack climate and biodiversity impacts to redirect capital. A third focus is to facilitate new financing solutions to build resilience for a net zero world. This work is primarily conducted under two main themes Climate + Water and Nature.

Example of research reports published in 2024:




Please refer to the ADMCF Annual Report 2024 and ADMCF website for more information.

## Industry Collaboration

ADM Capital actively engages with industry associations to stay updated and exchange insights in a constantly changing environment. We believe that partnering with like-minded organisations helps us better identify opportunities to enhance our sustainability efforts and increase our overall impact and value.

### Sustainability-linked credit lines

We have two sustainability-linked loan lines with HSBC and Standard Chartered Bank, which tie our financing terms to the ESG performance of our investments. These credit lines hold us accountable for the ESG performance of our investments, using the ESAP completion rate as a measurable indicator. An independent third-party consultant conducts an annual review of the ESAP completion.

### Industry affiliations

#### The Partnership for Carbon Accounting Financials

In November 2023, ADM Capital became the first private debt firm in Asia to join the Partnership for Carbon Accounting Financials.

#### UN Global Compact

ADM Capital joined as an active participant in March 2024, committing to integrate the Ten Principles into our strategy, culture, and operations.

#### United Nations Development Programme SDG Impact Steering Group

Lisa Genasci, ADM Capital Managing Director, Sustainable Finance, is a member of the UNDP's SDG Impact Steering Group.

#### Hong Kong Green Finance Association

ADM Capital is an active member engaged in various working groups including Product Innovation & Solutions and TNFD/Biodiversity, focusing on sustainable financing products, ESG data, green technology, and nature-related strategies and advancements.

Signatory of:

#### Principles for Responsible Investment

ADM Capital, the first Asia ex-Japan fund manager, became a signatory in 2008. Lisa Genasci, ADM Capital Managing Director, Sustainable Finance, was appointed to the UNPRI Private Debt Advisory Committee in 2023.

# OUR ESG STRATEGY

We believe that ESG integration is a fundamental part of our fiduciary responsibility, as it enables us to systematically identify, evaluate and manage a broad range of ESG risks and opportunities. We strive to integrate these ESG considerations into our investment cycle to improve decision-making and ultimately enhance our portfolio's risk-adjusted performance while actively seeking opportunities aligned with the region's transition priorities.

# OUR SUSTAINABILITY JOURNEY

## 1998
Established amid Asian Financial Crisis

## 2006
Published initial ESG statement

The ADM Capital Foundation is established to help address environmental and social challenges

ADM Capital's *Statement of Environmental, Social and Ethical Values* is published in Appendix 6 of the Compliance Manual

## 2008
ADM Capital becomes the first Asia ex-Japan fund manager signatory of PRI

## 2012
IFC Cornerstones ADM Capital's Asia Secured Lending Facility I Fund.

Begins ESG due diligence by third party consultant based on the IFC Performance Standards

Establishes ESAP to mitigate risk in every transaction

## 2018
ADM Capital Foundation's CEO joins the Investment Advisory Committee ("IAC") as an ESG advisor and observer

## 2019
Introduces Environmental and Social Management System ("ESMS")

Implements proprietary ESG Metrics Toolkit, a risk rating system to identify, quantify and score ESG risks

Publishes first annual sustainability report


## 2020
Establishes an ESG Committee

PRI grants ADM Capital an A+ rating for Strategy and Governance and an A rating for Fixed Income – Corporate Non-Financial

Introduces ESG KPIs

Begins GHG footprinting

Structures ESG-linked subscription facility for two funds

## 2021
Develops framework to assess climate-related risk

Publishes first TCFD report


ADM Capital Climate established

## 2022
Structures sustainability-linked credit facility with HSBC and SCB, including ESAP audits

Launched Asia Carbon and Environmental Products ("ACEP") Warehouse and Think Tank to focus on carbon offset projects and carbon credit market

Improves climate data transparency, onboards Intensel for ongoing climate risk data analytics

## 2023
Optimises ESG data management and reporting process by onboarding Dasseti

Joins the Partnership for Carbon Accounting Financials ("PCAF")

Joins as member of UNPRI Private Debt Advisory Committee

Launches a first climate impact strategy, focused on agricultural commodities in Indonesia

## 2024


Publishes first integrated TCFD and TNFD report

Joins as an active participant of the United Nations Global Compact

Develops a proprietary pre-concept ESG toolkit to support the investment team in conducting preliminary screening of pipeline deals

# OUR ESG RISK MANAGEMENT APPROACH

ESG considerations are embedded in our business and governance processes through the Environmental and Social Management System ("ESMS"), which is central to our overall risk management framework and aligned with international best practice, such as the IFC and the Ten Principles of the United Nations Global Compact. The five key components of the ESMS, which is reviewed and updated annually, guide our investment decision-making approach from deal sourcing through to exit and lays out the processes by which we assess and manage ESG risks. Information about our processes and policies can be found in previous Sustainability Reports and on our website here.

# 1 ESG POLICIES

The ESMS documents our ESG policies and how we implement their principles in our operations through internal processes and staffing. All our policies are reviewed, approved, and endorsed by the ADM Capital Executive Committee ("ExCo"), the firm's management body. Training on ADM Capital's ESMS and ESG policies is provided to all ADM Capital staff at onboarding and periodically refreshed.

A summary of our ESG policies is listed below. Abridged versions of all can be found on our website here.

### ESG Policy

Governs and articulates our overarching ESG objectives, including an exclusion list in alignment with IFC Performance Standards

### Climate Change Policy

Outlines our inclusion of climate considerations into ESG objectives and processes

### Anti-slavery and Human Trafficking Policy

Establishes our overarching anti-modern slavery objectives and processes

### Diversity, Equity and Inclusion Policy

Underlines our commitment to providing and promoting equal opportunities in our workforce and across our borrowers

### Animal Welfare Policy

Underlines our commitment to work with portfolio companies to advance animal health and welfare

### Stewardship and Engagement Policy

Outlines our approach to stewardship responsibilities and stakeholder engagement regarding ESG considerations

### Remuneration Policy

Specifies the integration of ESG considerations into compensation and performance management, aiming to align the long-term interests of all stakeholders, including employees, investors, and funds

### External Grievance Mechanism

Details a procedure to lodge a complaint for any individuals or groups who are adversely affected by commercial activities conducted by ADM Capital

### Compliance and Operations Manual, Code of Ethics & Employee Handbook

Covers our mission, values, history, and benefits, including channels for employees to raise concerns

ADM CAPITAL

## 2 SUSTAINABILITY GOVERNANCE

We believe that good governance is essential for the long-term success of a company and its ability to identify, assess, and manage ESG risks and opportunities.

At ADM Capital, we strive to integrate ESG considerations into all levels of our business decision-making.

### ADM CAPITAL'S ESG GOVERNANCE STRUCTURE

**Executive Committee ("ExCo")**
Oversees the firm's ESG matters, including strategy, management approach and reporting

**Investment Advisory Committee ("IAC")**
Reviews ESG risks and opportunities associated with all proposed financings

Lisa Genasci, Chair of ESG Committee and Managing Director - Sustainable Finance, is an IAC Observer on ESG matters

**ESG Committee**
Guides the firm's ESG strategy and reports to the ADM Capital ExCo

**Risk Committee**
Oversees macroeconomic risks, including those related to ESG and climate

**Portfolio Management Committee**
Oversees and reviews idiosyncratic risks, including those related to ESG

**Investment Team**
Management of ESG matters in accordance with ADM Capital's relevant ESG policies

### MEMBERS OF ESG COMMITTEE

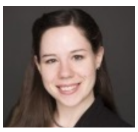
**Lisa Genasci**
Chair;
Managing Director, Sustainable Finance

**Phyuhpone Mokhant**
Vice President, Private Credit

**Frances Zhu**
Analyst, Valuations and Risk

**Angie Chan Wu**
Investment Associate, ESG & Sustainability

**Theodore Leung**
Investment Associate



**Audrey Underhill**
Business for Nature Specialist, Leveraging Finance, ADMCF

Our ESG Committee, established in 2020, engages closely with all members of the firm on ESG matters, including climate and nature. The ESG Committee meets monthly and reports directly to ADM Capital's ExCo.

Please refer to our website and our Sustainability Report 2023 for more details on the roles and responsibilities for each of these parties.

### Internal ESG awareness and training

As we incorporate ESG considerations throughout ADM Capital funds, staff are required to participate in regular ESG training organised by external experts and the ESG Committee. This training covers international ESG standards and frameworks, specific ESG topics, and responsible investment strategies. We also promote the attainment of ESG-related certifications among our employees.

**7**
ESG-related training sessions conducted in 2024

**18%**
of our employees have obtained an ESG-related certification[8]

### Integrating ESG considerations into remuneration

ESG considerations are embedded in ADM Capital's organisational culture, recognising that each employee is a critical steward of our ESG commitments. Under our Remuneration Policy, employees are evaluated on their contributions to ADM Capital's objectives, including adherence to ESG policies and performance in managing ESG within operations and portfolio companies.

## 3 ESG PROCESSES

ADM Capital has integrated its ESG process throughout the investment cycle from deal sourcing to exit. The procedure below describes the ESG protocol at the various stages of the investment cycle as well as the documented ESG records that form part of our ESMS. This applies to deals in which ADM Capital has direct engagement with and visibility into underlying assets during the due diligence phase (i.e., excludes syndicated deals, which form a minority of the portfolio), as well as legacy deals.

### INTEGRATING ANALYSIS OF ESG FACTORS THROUGHOUT THE INVESTMENT CYCLE

#### Deal Sourcing

- Investment team conducts preliminary financial, legal and environmental & social screening of pipeline deals

✓ EXCLUSION LIST
✓ ESG POLICIES
✓ IN-HOUSE PRE-CONCEPT ESG TOOLKIT

#### Concept Note

- A Concept Note is presented to the Investment Advisory Committee ("IAC")
- Material ESG risks and opportunities are discussed

✓ IN-HOUSE ESG TOOLKIT - MATERIALITY ANALYSIS
✓ ESG RISK & OPPORTUNITY IDENTIFICATION

#### Due Diligence and Term Sheet

- Rigorous third-party financial, accounting, tax, legal, ESG, operational and industry review, as well as appropriate reputation checks

✓ THIRD-PARTY ESG CONSULTANTS' DUE DILIGENCE
✓ ENVIRONMENTAL & SOCIAL ACTION PLAN
✓ SITE VISITS
✓ CLIMATE RISK EVALUATION

#### IAC Final Review and Execution

- IAC approves final term sheet
- Documentation, including ESG covenants, approved by internal counsel
- Deal is executed

✓ ESG COVENANTS
✓ SUSTAINABILITY TARGETS

#### Monitoring, Management and Reporting

- Reporting by borrowers, including on ESAP and KPIs
- Quarterly deal reviews by IAC
- Portfolio Management Committee handles problematic credits
- Risk Committee monitors portfolio and composition and risks

✓ ESAP COMPLIANCE & AUDIT
✓ ESG KPIs
✓ CLIMATE RISK MONITORING
✓ ONGOING SUSTAINABILITY ENGAGEMENT & SUPPORT

#### Investment Exit

- Seek exits via free cash flows, refinancing, secondary sale or capital markets transactions
- Ensure multiple viable exit options
- Fund administrators manage distributions to investors

✓ EXIT ESG KPI
✓ ESG CASE STUDY

8. IFC Edge Certification, EFFAS Certified ESG Analyst® (CESGA) certification, and CFA Institute Certificate in ESG Investing.

HIGHLIGHTS

## Pre-Concept ESG Toolkit

A new part of our integration process has been the creation and launch of our Pre-Concept ESG Toolkit in 2024. This is designed to support our investment team in conducting ESG screening earlier in the deal sourcing process. The result has been a better awareness of ESG challenges associated with certain transactions, leading to a more informed process earlier in the investment lifecycle.

The toolkit facilitates:

- Review against ADM Capital's Exclusion List
- Identification of ESG challenges and opportunities, including climate transition risks
- Assessment of climate hazards impacting key assets using ThinkHazard!
- Analysis of overlaps between key assets and significant biodiversity areas using IBAT and Open Global Mangrove Watch
- Examination of ESG controversies related to the potential borrower's operations and key stakeholders

## 4 PERFORMANCE MONITORING

To drive meaningful ESG improvements in our portfolio companies, we employ active monitoring, frequent engagement, and data-driven approaches. The investment team, supported by the ESG Committee, tracks ESAP completion rates against loan covenants using a real-time monitoring dashboard developed in 2024 on Dasseti, an ESG data platform. The ESG Committee assists lagging projects and collects semi-annual ESG KPI data from portfolio companies via the Dasseti platform. Additionally, the ESG Committee monitors and reports ESG risks, including climate risks to the Risk Committee monthly.

## 5 EXTERNAL COMMUNICATION AND REPORTING

We prioritise engagement and transparency by communicating our ESG progress to investors quarterly and publicly through our annual sustainability reports. In 2024, we became the first asset manager headquartered in Hong Kong to publish TNFD-aligned disclosures, in our first integrated TCFD and TNFD report.

As a UNPRI signatory since 2008, we report on our responsible investment activities. We have also joined the UN Global Compact as an active participant, committing to the Ten Principles in the areas of human rights, labour, environment, and anti-corruption. We adhere to the accountability mechanism of the UN Global Compact and will produce the Communication on Progress report through our annual Sustainability Report disclosing our efforts to operate responsibly and support society.

# THEMATIC STRATEGIES

ADM Capital is introducing strategies with more focused direct lending mandates that seek to generate risk-adjusted returns by harnessing the significant transformations occurring as Asia moves towards a low-carbon future.

## Blended Finance Climate Impact Strategy for Agriculture in Indonesia

ADM Capital's first climate strategy is focused on agricultural commodity production in Indonesia. The objective is decoupling that production from deforestation by providing credit to SME processors and mills engaged in agriculture, agroforestry, forestry, and aquaculture that demonstrate abilities to meet the Fund's impact targets on livelihoods, gender, sustainable land-use management, and carbon. Achieving those targets is linked to 50% of Fund carry.

International commodity buyers have made commitments relative to achieving net zero supply chains and deforestation-free supply chains. These commitments have been reinforced by changing regulation abroad, including the EU Deforestation Regulation.

Achieving climate targets and anticipating compliance with the new regulation, however, has been particularly challenging for buyers who source via intermediaries and have little or no direct interaction with the deeper supply chain.

In this context, the Fund, has a unique opportunity, both to deliver growth and working capital to mid-market processors and mills and use project loan documents to encourage borrowers to help stem deforestation and social challenges in the farmer supply chain.

In 2024, we completed two transactions: Project Banyan, a vertically integrated coconut nira-based consumer packaged goods manufacturing business, and Project Forest, which involves the restructuring of a wood products manufacturer that was previously part of larger, listed entity.

## Financing SME Growth for Urban Development across Emerging Asia

ADM Capital has identified significant opportunities to deploy private credit solutions to support Asia's growth and urbanisation, driven by mega trends such as intra-regional financing, market illiquidity, the growing middle class, and rising demand for sustainability. With urbanisation accelerating across the region, governments are prioritising infrastructure development to meet the needs of expanding populations. However, while funding is often available to established businesses, there remains a substantial unmet need for financing innovative SMEs working on transformative projects.

This gap presents an opportunity to provide bridge financing to SMEs as they develop and deploy solutions in sectors critical to sustainable urban growth, including healthcare, education, entertainment, hospitality, and affordable housing. ADM Capital focuses on financing SMEs that leverage private sector innovation and technology to address infrastructure gaps, improve service delivery, and enhance quality of life across the region.

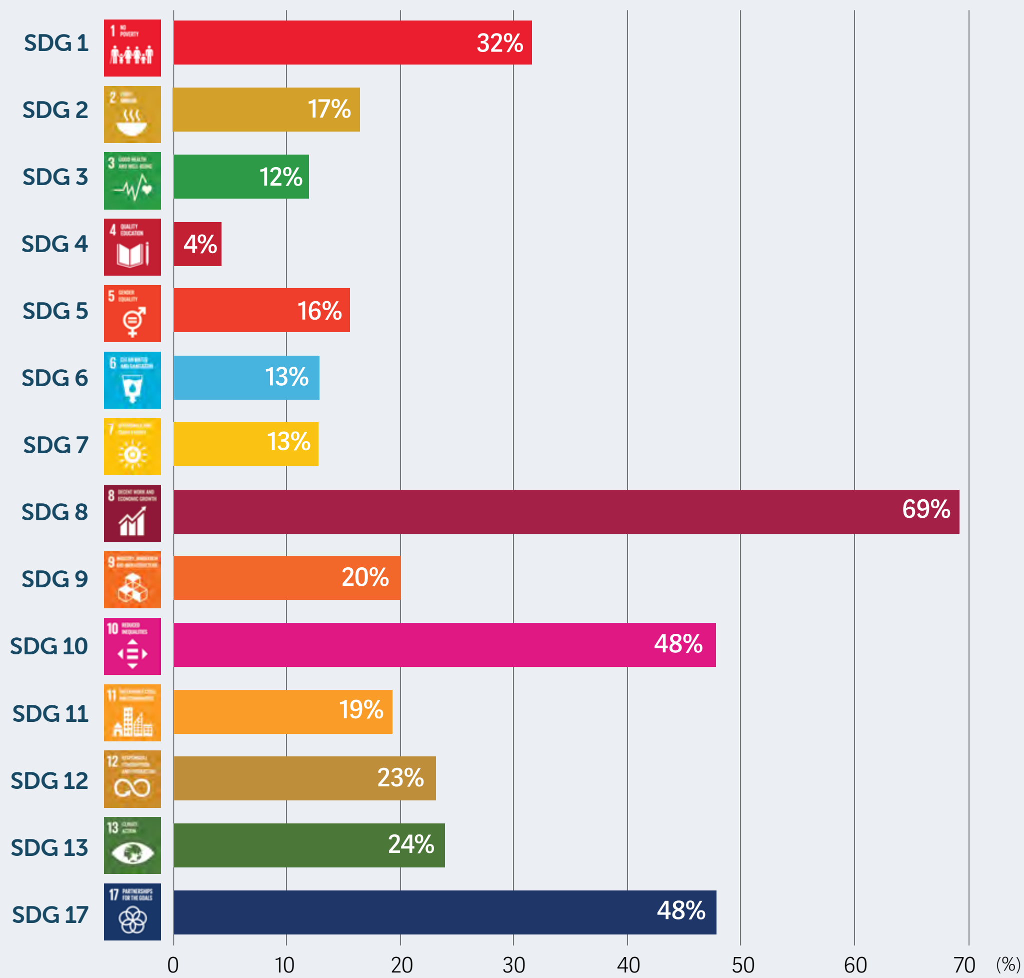
By way of example, over 2023 and 2024, ADM Capital financed a Vietnamese modular housing manufacturer to set up a housing project in New Zealand. The company's manufacturing and process technology support the deployment of housing at a lower cost basis than available locally, enabling growth in the affordable housing stock.

# ALIGNMENT WITH THE SDGS

With just six years remaining, current progress falls far short of what is required to meet United Nations 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals ("SDGs"). The lingering impacts of the COVID-19 pandemic, escalating conflicts, geopolitical tensions and intensifying climate chaos have greatly impeded progress.[9]

While climate change and biodiversity loss have gained momentum in recent years, the SDGs represent a broader spectrum of critical ESG issues. We illustrate below how our investments align with the SDGs by examining aspects like sector, performance on ESG KPIs and their ESG commitments and initiatives. In 2024, we updated our SDG alignment methodology with reference to MSCI's SDG Alignment Methodology (January 2024 version) to better assess and provide a holistic view of borrowers' contributions towards addressing each of the 17 SDGs. The assessment evaluates the alignment of a borrower's operations and products and services with each of the 17 SDGs.

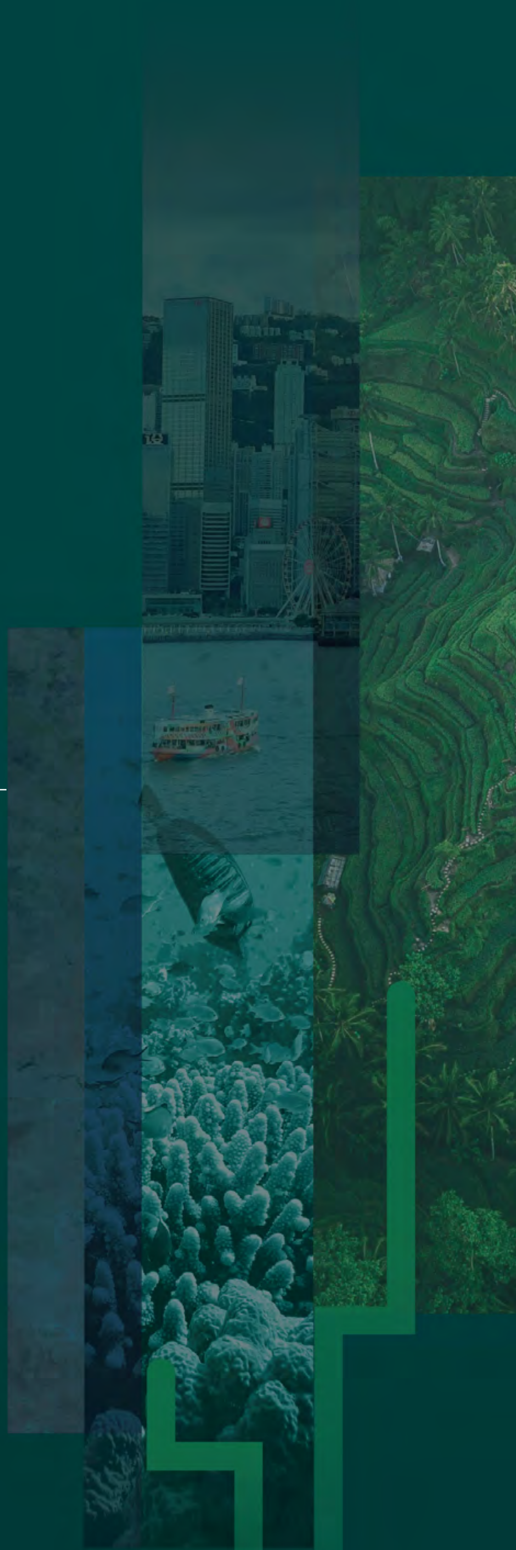
## PERCENTAGE OF PORTFOLIO AUM[10] ALIGNED ON RELEVANT SDGS




9. United Nations. (2024). *The Sustainable Development Goals Report Special edition 2024*. unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf
10. AUM refers to the outstanding loan value of deals across our portfolio as at 31 December 2024.

# STEWARDSHIP AND ENGAGEMENT

Engagement is at the centre of our approach to managing ESG risk in our portfolio, enhancing our understanding of a company's business model and the risks and opportunities that contribute to its financial value.



# ENGAGING WITH OUR INVESTEES

Our Stewardship and Engagement policy encourages constant close contact with our borrowers. As a matter of practice, we take board seats with companies to which we provide lending. This additionally allows us close engagement at all levels.

Through active dialogue with our borrowers, we gain valuable insights that inform decision making, and help our investment and ESG teams proactively address risks or capitalise on opportunities. We have developed three essential tools to closely monitor and manage ESG risks, and we use these to engage our borrowers:

### ESAP

A time-bound action plan drafted by ESG consultants to mitigate ESG risks identified in the third-party due diligence process, which is a comprehensive review against IFC PS, our ESG policies, and other relevant ESG standards and frameworks. This is reported quarterly.

### ESG KPIs

A set of quantitative metrics and survey questions that we request our borrowers to report on semi-annually. Company-specific KPIs are also proposed by the ESG consultants based on due diligence findings, sector and ESAP items.

### Sustainability Targets

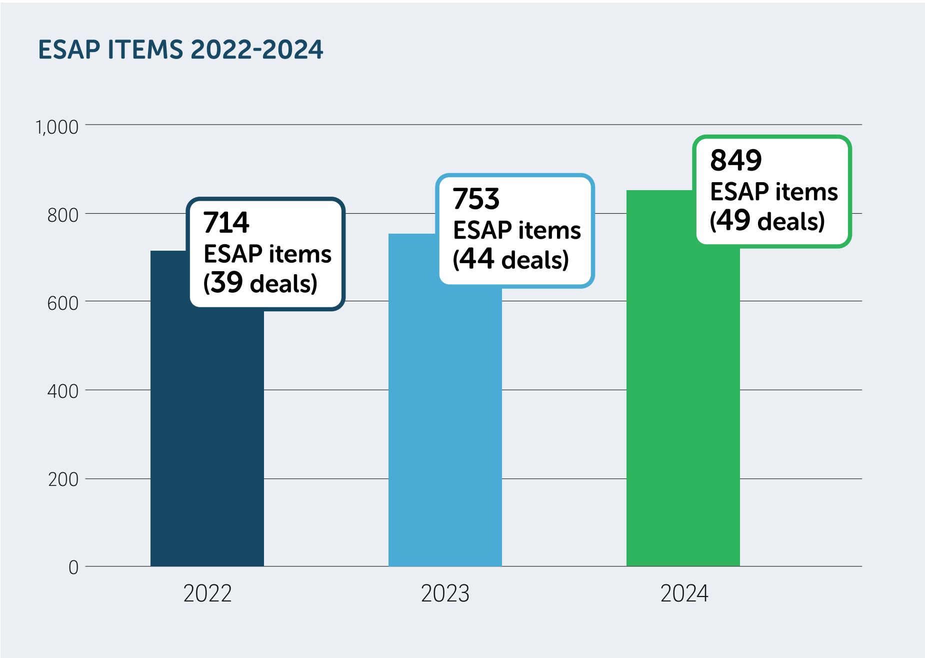
Quantitative or qualitative goals that we are gradually introducing to our borrowers to incentivise them to exceed compliance requirements and adopt industry best practice.

All three tools are integrated into our loan covenants and governed by our ESMS and policies. In the next sections, we will share the data gathered from each of these tools.

## 1. Mitigating Identified ESG Risks: ESAP

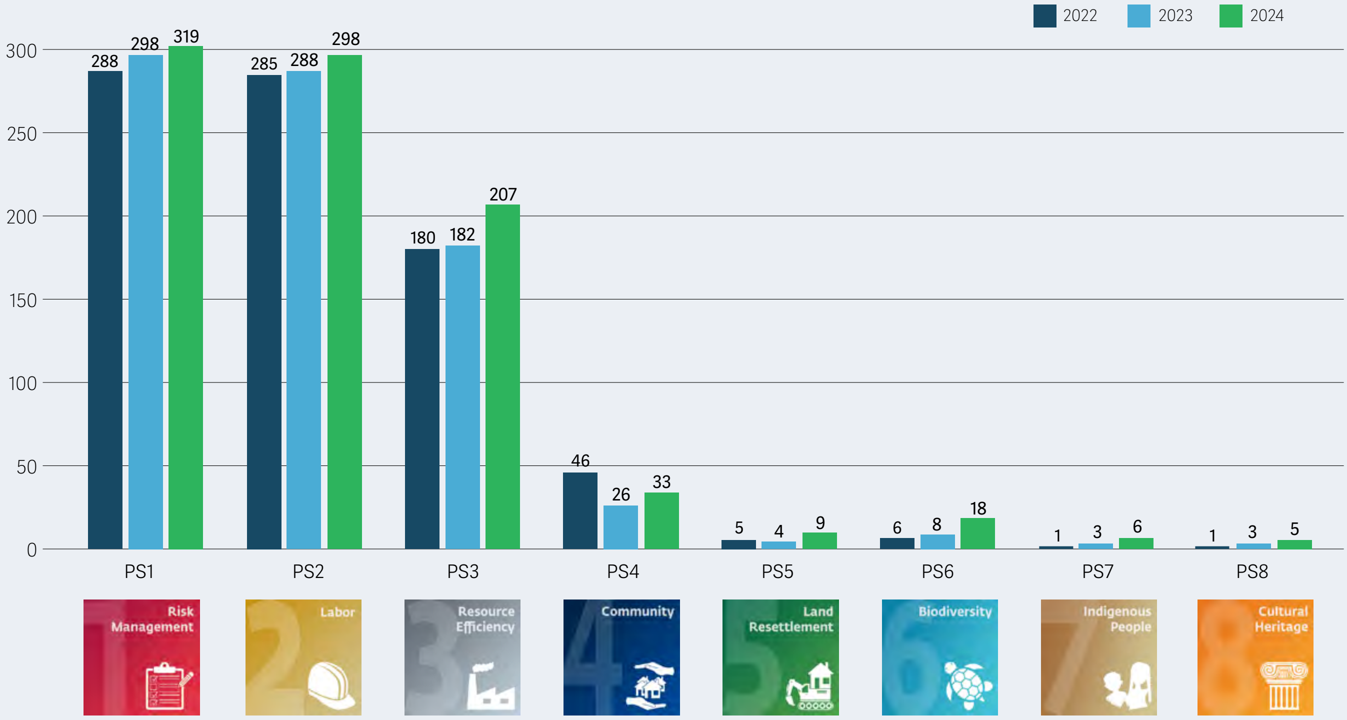
The ESAP serves as a comprehensive and time-bound ESG roadmap, outlining planned milestones for each company.

We closely monitor the completion rates of these milestones within agreed timelines. In 2022, we started conducting annual verification of ESAP completion using third party consultants for five pilot investments in one fund. By 2024, we had expanded this verification to 11 investments, representing the deals that have undergone third-party ESG due diligence[11] in that fund.




11. As per our ESMS, this excludes deals that ADM Capital does not have direct engagement or does not have direct visibility over the underlying company assets during the due diligence phase (e.g. syndicated deals, secondary debt, non-performing loan portfolio) as well as legacy deals. Deals prior to 2019 are considered legacy deals unless they were in Asia Secured Lending Facility I Fund, in which we began ESG due diligence and established ESAP since 2012 in every transaction.

## ESAP BREAKDOWN BY IFC PERFORMANCE STANDARDS[12]




### Observations from our ESAP

Upon categorising the ESAP items across our portfolio by IFC Performance Standards, we find that the majority are concentrated in IFC PS 1 to 3. IFC PS1 is the most relevant to our deals as it focuses on the assessment and management of environmental and social risks, which is a foundational requirement and typically generates a wide range of ESAP items. One of the key action items is establishing an ESMS, which includes developing relevant ESG policies and strengthening internal ESG governance and capacity to implement such policies.

**83%** of deals[13] are managed under or are working towards an ESMS aligned with the IFC PS

IFC PS 2 covers labour and working conditions, a topic that is usually relevant across sectors and geographies, especially in emerging markets or industries with high labour intensity.

As we broaden the scope of our ESG due diligence to more thoroughly address climate and nature-related risks, we are seeing increased relevance of IFC PS3 and IFC PS6. This shift is reflected in the growing number of ESAP items focused on conducting GHG assessments and emission reduction planning and biodiversity impact assessment and mitigation strategies.

While all eight IFC Performance Standards are assessed for each transaction, the remaining standards—PS4 to PS8—tend to be more context-specific and apply to certain sectors or geographies.

12. Please note that one ESAP item may fall under multiple IFC Performance Standards categories.
13. As per our ESMS, this excludes deals that ADM Capital does not have direct engagement or does not have direct visibility over the underlying company assets during the due diligence phase (e.g. syndicated deals, secondary debt, non-performing loan portfolio) as well as legacy deals. Deals prior to 2019 are considered legacy deals unless they were in Asia Secured Lending Facility I Fund, in which we began ESG due diligence and established ESAP items since 2012 in every transaction.

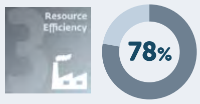
## IFC PERFORMANCE STANDARDS

### Assessment and Management of Environmental and Social Risks


**92%** of deals include ESAP items covering topics related to:

| | |
|---|---|
| Environmental & Social Management Systems ("ESMS") | • ESG Policies<br>• Risk assessments and monitoring programs<br>• Implementation of policies |
| ESG Capacity & Training | • Hiring additional ESG staff or consultants<br>• Conducting ESG trainings |
| Climate Change Vulnerability Assessment | |
| Regulatory Compliance & Permits | |

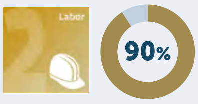
### Resource Efficiency & Pollution Prevention




**78%** of deals include ESAP items covering topics related to:

| | |
|---|---|
| Energy Conservation & Targets | • GHG accounting<br>• Energy efficiency strategy |
| Chemical Management | • Contamination & remediation<br>• Storage & handling |
| Waste Monitoring & Reduction | |
| Water Conservation | |

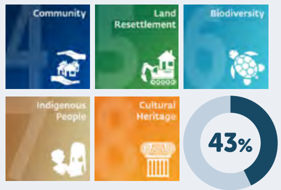
### Labour and Working Conditions




**90%** of deals include ESAP items covering topics related to:

| | |
|---|---|
| Diversity, Equity & Inclusion | • Gender Equity<br>• Harassment and Bullying |
| Health, Safety & Well-being | • Workers Accommodation<br>• Internal Grievance Mechanism<br>• Occupational Health & Safety |
| Contractor & Subcontractor Management | |
| Modern Slavery Risks | |
| Emergency Response & Incident Monitoring | |

### Community, Biodiversity & Others



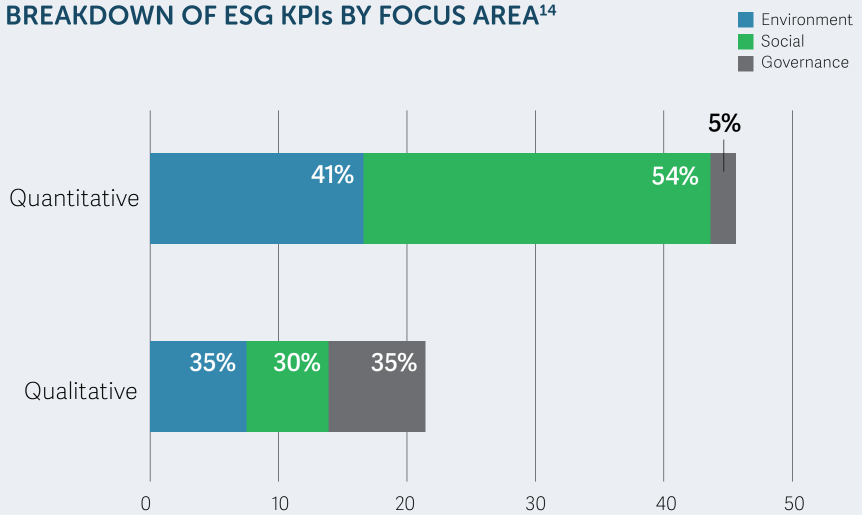

**43%** of deals include ESAP items covering topics related to IFC PS 4, 5, 6, 7, 8:

| |
|---|
| Biodiversity Protection & Management |
| Stakeholder Engagement & External Grievance Mechanism |
| Policies around Land Acquisition & Resettlement |
| Community Health & Safety |
| Risk & Impact on Indigenous People and Cultural Heritage Sites |

## 2. ADM Capital Value Creation: ESG KPIs

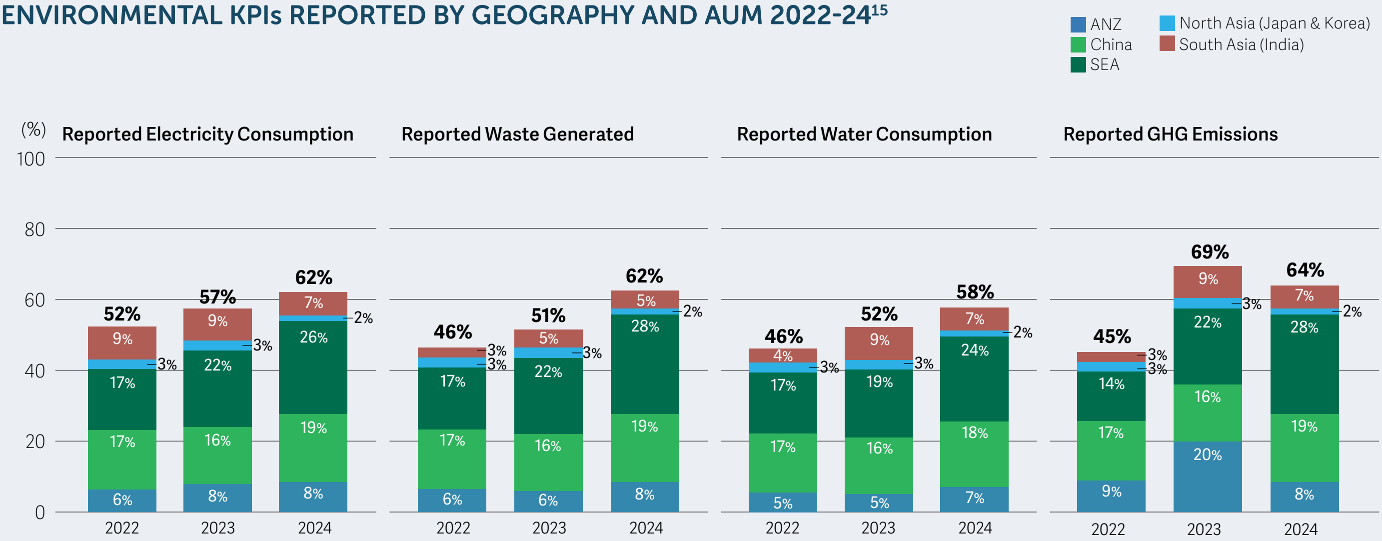
ESG KPIs are crucial indicators that extend beyond financial metrics to proactively address risks and opportunities within our portfolio. They also assess our value-add to a borrower in a transaction and facilitate strategic discussions with both internal and external stakeholders.

### BREAKDOWN OF ESG KPIs BY FOCUS AREA[14]




14. The figure in this chart represents the quantitative metrics and a series of survey questions that we request our borrowers to report semi-annually.

## ENVIRONMENTAL KPIs REPORTED BY GEOGRAPHY AND AUM 2022-24[15]




### Environmental metrics

Compared to 2023, a higher percentage of deals (by AUM) reported key environmental metrics such as electricity and water consumption and waste generated. The percentage of deals reporting GHG emissions has slightly decreased. This overall improvement stems from more frequent and targeted engagement to enhance data accuracy and completeness, as well as the use of the Dasseti platform, which requires mandatory ESG KPI metrics to be entered before submission.

### Social metrics

In line with our DEI Policy, we monitor gender diversity as a key metric across our portfolio companies. Please refer to the Diversity, Equity & Inclusion section for details on our portfolio companies' performance.

We also monitor various social metrics to assess the progress of our portfolio companies in attracting, developing and retaining talent as well as fostering an inclusive and safe work environment.

### Governance metrics

Qualitative governance metrics, such as the presence of effective policies, are used to assess whether a company has clear and well-defined procedures and decision-making processes. While corporate governance is included in due diligence beyond ESG, we have introduced additional metrics, such as board composition, for improved monitoring.

For more information on the grievance mechanisms of our portfolio companies, please refer to the section Human Rights.

### RECYCLED WATER

**15%** of deals have water consumed from recycled sources[16]

Amongst these deals, on average, 69% of water is consumed from recycled sources through initiatives such as wastewater treatment and rainwater harvesting.

### RECYCLED WASTE

**39%** of deals have diverted waste from the landfill[16]

Amongst these deals, on average, 31% of waste generated is diverted from the landfill. One of our borrowers collects metals, paper and plastics which are sold to a local collector for recycling. The proceeds are then donated to support the local community.

## 3. Sustainability Targets

We actively encourage our portfolio companies to improve practices by working with them to set sustainability targets. We believe these targets can create new opportunities that contribute to long-term value. While not all portfolio companies are equipped to take this step during the initial transaction, we particularly advocate for it in follow-on funding.

15. The figures in this chart represents the percentage of outstanding loan value across our portfolio at December 31 2022, 2023 and 2024 that have reported the corresponding ESG KPI.
16. The percentage is calculated using the outstanding loan value of deals active as at 31 December 2024 respectively, that had reported the corresponding ESG KPI.

CASE STUDY

## Strategic Target Setting to Promote Green Buildings and Gender Equity in Real Estate

### Background

In July 2021, ADM Capital funded a globally focused real estate intermediary services group in India that provides digital property brokerage and other property focused services via a technology enabled integrated platform.

### Promoting Green Building

In addition to establishing ESAP items and collecting ESG KPIs on a semi-annual basis, we also developed sustainability targets for the company at the beginning of the deal. The targets required them to sell EDGE certified or other green certified buildings.

This initiative aligns with broader macroeconomic and environmental goals. Promoting green buildings not only reduces the carbon footprint of the built environment—one of the largest contributors to global emissions—but also enhances long-term asset value, operational efficiency and resilience to climate risks. In India's rapidly urbanising landscape, green-certified developments are increasingly favoured by both regulators and consumers, especially as awareness of environmental impact and energy savings grows.

Numerous units sold across 11 different projects have an IFC EDGE Green Building Certification or Indian Green Building Council Certification from the time of investment until end of 2024.

### Promotion of Women's Home Ownership

Following the successful achievement of the environmental targets and the completion of all ESAP items, we continued our collaboration with the borrower to identify new areas for value creation. Our focus has now expanded to include social impact, particularly in promoting gender equity in home ownership and credit access.

To build a more holistic ESG strategy, we have introduced new social targets aimed at:

Increasing the percentage of women homeowners

Encouraging more women to seek credit

Progress is tracked quarterly against predefined improvement benchmarks. In addition to quantitative metrics, we also collect qualitative updates on initiatives undertaken by the company. Interim measurement criteria are also developed for each initiative to assess effectiveness of promotion from these initiatives.

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In 2024, the company has achieved all its quarterly targets for both targets and has implemented a wide array of initiatives. Key initiatives to help achieve these targets include:

#### Research Publication

Released a research report providing an in-depth analysis of the state of women's property ownership in India.

#### PR Campaign

Launched campaign on International Women's Day to raise public awareness and influence policy for promoting women's real estate ownership.

#### Launched Microsite

Created a microsite to promote women's home ownership and borrowing and highlight the benefits and exemptions available for women home buyers and women credit seekers.

#### Social Media Engagement

Posts on various social media platforms to drive women's ownership by marketing infographics on benefits, live Q&A sessions, and educational videos explaining policies and benefits.

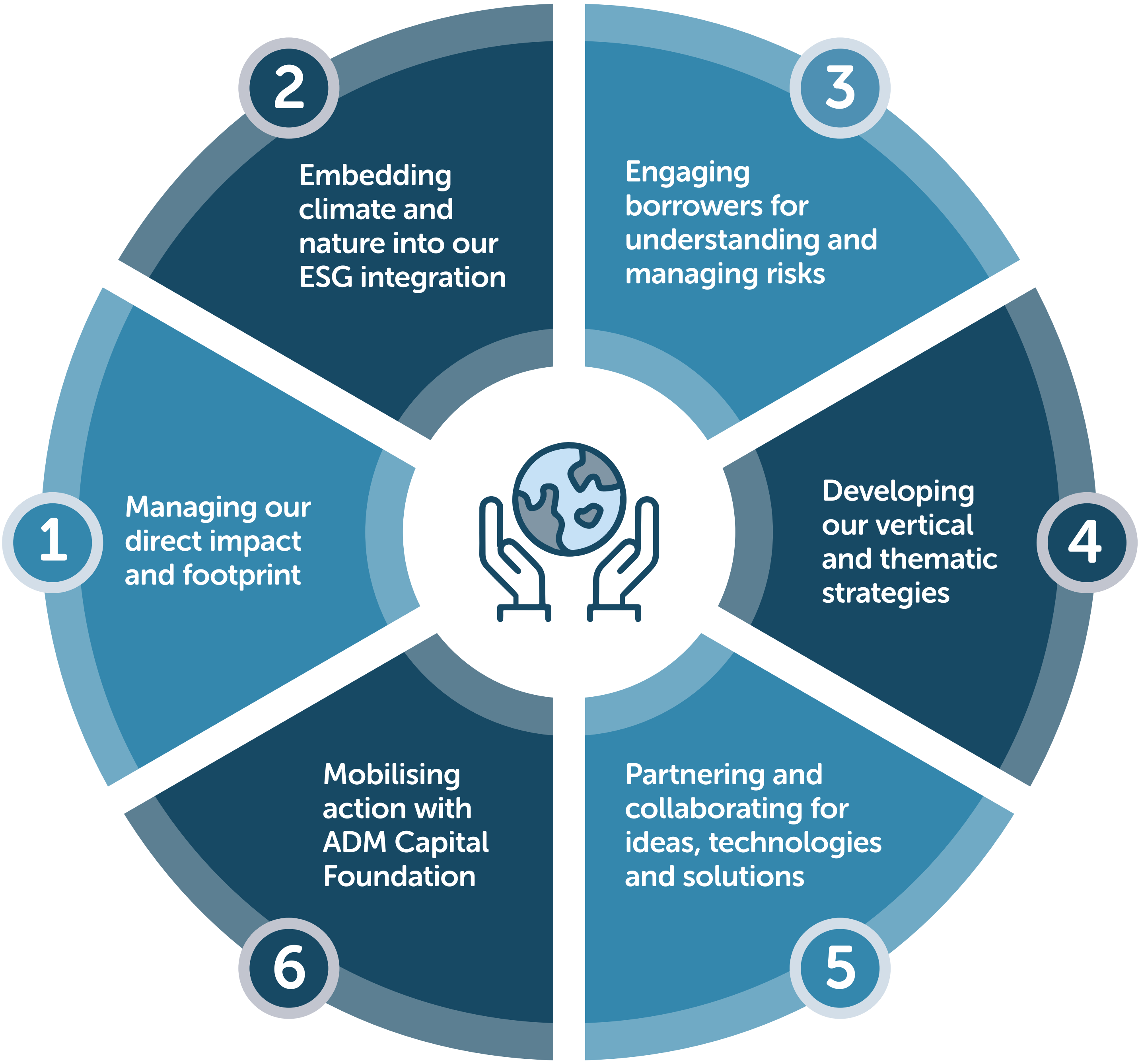
#### Internal Training

Training session organised with sales team on usage of the microsite and to gather more insights into benefits of women's real estate ownership.

# MANAGING ENVIRONMENTAL RISK

As we remain committed to managing environmental risks, we recognise the urgent challenges posed by biodiversity loss and the interconnected, far-reaching effects of climate change. Acknowledging both the environmental issues we contribute to and those we face as a business, we are working to reduce our own environmental footprint and proactively address our exposure to these risks while minimising our borrowers' footprints.

# OUR CLIMATE AND NATURE STRATEGY



# CLIMATE CHANGE

According to a World Meteorological Organization ("WMO") report[17], Asia is experiencing escalating impacts of climate change and is warming at a faster rate than the global average. It stands as one of the world's most climate-vulnerable region, with severe weather events such as typhoons, heatwaves, floods, and droughts causing increasingly significant damage, disruption, and loss of life. Rising sea levels have added to the risks for coastal megacities and small island nations in terms of potential territorial loss.

At the 2024 COP29 climate summit[18] in Azerbaijan, nations agreed to a new climate finance goal to triple support to developing countries. The agreement also highlights the importance of mobilising funding from both public and private sectors to help vulnerable nations protect their people and economies from climate disasters.

As an asset manager operating in one of the world's fastest-growing regions, managing climate impacts is an integral part of our risk management framework, enabling us to seize opportunities in driving a sustainable and resilient economy.

## Our Climate Approach

Established in 2020, our Climate Change Policy ("CC Policy") serves as a guiding framework to incorporate climate considerations into our processes. Complementing this, our ESG Policy directs our integrated financing process.

Recognising the complexity and long-term nature of climate change impacts, we strive to manage the related risk by type, both physical and transition, while evaluating our investments at deal and portfolio levels.

In addition, we believe that measuring our carbon footprint allows us to compare ourselves with peers and, more importantly, assess our continuous improvement regarding our direct operations and investment portfolios.

## Identifying and Managing Climate Risks in Our Investment

At ADM Capital, we recognise that effective ESG risk management is crucial for achieving strong risk-adjusted returns. By developing a systematic approach to managing these issues, we address our fiduciary duty to our investors and stakeholders.

Guided by the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), we are integrating climate risks into our investment considerations more effectively. These recommendations enhance our ability to assess and manage climate-related risks and improve our communication with regard to achievements and strategies to stakeholders. By aligning our practices with TCFD, we ensure transparency and accountability in our climate risk management efforts.

As we navigate this landscape, both physical and transition risks require careful consideration in our investment approach.

**Physical Risks**

Generated by acute climate events such as natural disasters or longer-term chronic changes in climatic patterns, including rising temperatures and sea level rise.

**Transition Risks**

Changes in legislation, market reactions, and technology are all linked to transition risks as societies shift toward low-carbon.

We strive to integrate knowledge across both in our investment process and report to the IAC and Risk Committee with regard to potential mitigation strategies, where relevant.

## Physical Risk

We see climate scenario analysis as a vital tool for understanding physical climate risks and their implications. This helps us evaluate how our borrowers could be impacted by physical damage or interruptions to operations.

For our analysis, we follow the Shared Socioeconomic Pathway ("SSP") scenarios recommended by the IPCC's Sixth Assessment Report. As consistent with the most likely SSP range indicated by the latest NDC levels reported by the UNFCCC[19], we focus on scenarios SSP1-2.6 and SSP2-4.5. We consider outcomes for 2030, 2050, and 2100[20] for our identification of physical risks. However, due to the short-term nature of our investment strategy, we prioritise the 2030 horizon for reporting and ongoing analysis.

17. World Meteorological Organization (2024). *State of the Climate in Asia 2023, WMO.* https://library.wmo.int/viewer/68890/download?file=1350_State-of-the-Climate-in-Asia-2023.pdf&type=pdf&navigator=1
18. UNFCCC (2024). *COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries, Protecting Lives and Livelihoods,* https://unfccc.int/news/cop29-un-climate-conference-agrees-to-triple-finance-to-developing-countries-protecting-lives-and
19. UNFCCC, Nationally determined contributions under the Paris Agreement, Synthesis report by the secretariat. [online] UNFCCC, p.29. Available at https://unfccc.int/sites/default/files/resource/cma2024_10_adv.pdf
20. Time horizons of 2030, 2050 and 2100 respectively cover the periods of 2021-2040, 2041-2060 and 2080-2100.

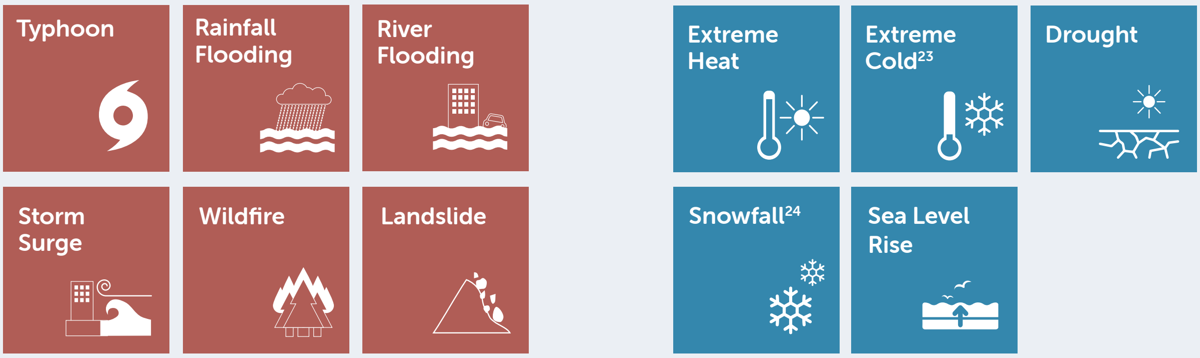
| Scenario[21] | SSP2.6 | SSP4.5 |
|---|---|---|
| Temperature | 1.3 - 2.4 degree Celsius increase by 2100 (from pre-industrial baseline) | 2.1 - 3.5 degree Celsius increase by 2100 (from pre-industrial baseline) |
| Emissions | Low emissions and reaching net zero after 2050 | Current levels of emissions until 2050 that then fall but do not reach net zero by 2100 |
| Other socioeconomic characteristics (extracted) | • A peak and decline in population<br>• High income and reduced inequalities<br>• Less resource intensive consumption,<br>• Environmentally friendly technologies and lifestyles | • Medium population growth<br>• Medium income, technological progress, production<br>• Continuation of past consumption patterns<br>• Only a gradual reduction in inequality |

We use the climate risk tool, Intensel, which models based on the selected scenarios and provides us with unique insight into the physical risks posed to the assets underpinning our deals. The granular outputs of projected climate hazard intensities and estimates of Climate Value-at-Risk ("CVaR")[22] are then consolidated and interpreted respectively at the investment and portfolio level.

## CLIMATE HAZARDS ANALYSED IN ADM CAPITAL PHYSICAL RISK ASSESSMENT THROUGH INTENSEL

Acute:

Chronic:




### Investment level

Our approach to identifying and managing climate risks at investment level lies in our ESG processes, from pre-concept and concept approval to continuous monitoring and engagement through to exit. We assess the risks associated with real assets within the collateral packages of our deals as well as the operational and revenue-generating facilities of our borrowers.

**Identifying physical climate risk**

Location and sector-specific analyses are conducted during the pre-concept and concept stages using publicly available resources such as ThinkHazard!. The findings are summarized for the Investment Committee's pre-screening and approval, ensuring that identified risks align with our portfolio's risk profile.

Upon approval to proceed to an Investment Note, we kickstart the ESG due diligence process, which includes data-driven climate risk analysis using Intensel. This analysis projects hazard intensities of the eleven physical risk types over selected time horizons and scenarios. We complement these projections with desktop research to contextualise the results and assess business implications. Additionally, we consult external ESG due diligence consultants to understand local conditions and leverage their site visit observations to address asset-specific climate risk issues and evaluate borrowers' resilience to identified hazards. For example:

21. IPCC (2019), Summary for Policymakers. [online] IPCC, p.13. Available at https://www.ipcc.ch/site/assets/uploads/2019/11/02_Summary-for-Policymakers_SPM.pdf
22. CVaR is available for hazards including typhoon, rainfall flood, river flood, storm surge and extreme heat.
23. Newly added in the Intensel methodology update in January 2025.
24. Snowfall replaced snowmelt in the Intensel methodology update in January 2025.

| What ADM Capital does using Intensel: | What our ESG due diligence consultant does: |
|---|---|
| 1. Forecast river/rainfall flood levels | Assess on-site whether structures have adequate elevation and drainage to mitigate flood impacts |
| 2. Obtain maximum Standardised Precipitation Index (SPI) readings to evaluate potential drought conditions | Assess if assets have sufficient internal and external water supply infrastructure to maintain operations during droughts |

**Mitigating and adapting to physical climate risks**

For risks identified as material and manageable, where solutions are deemed technically and financially feasible, we develop mandatory ESAP for our borrowers, requiring their on-going inputs to improve their mitigation and adaptation capacities within the given timeframes.

**Tracking management of physical climate risks**

We gather information through our semi-annual ESG KPI collection to understand whether portfolio companies have insurance coverage against the material physical climate risks for their assets. The details are provided to the investment teams for further evaluation of adequacy.

**Engaging with borrowers on physical climate risks**

Throughout the investment cycle, we conduct ad hoc engagement activities to connect with portfolio companies regarding any extreme weather events that arise. These engagements offer us valuable insights into the companies' preparedness and responses to the events. We further assess any operational losses and damages incurred and any consequent impact to our borrowers' repayment ability.

CASE STUDY

## Actively Initiating Dialogues on Extreme Weather Events

In April 2024, Guangdong, China experienced unprecedented flooding due to record rainfall[25]. One of our borrowers, a premium furniture manufacturer whose factory and workshops were situated in the affected area.

While the borrower was aware of flooding risks and had various measures to prepare for monsoon seasons prior to our investment, we sought to enhance their efforts by assisting them in formalising and operationalising the practices they had in place.

To do so, the borrower developed a business continuity plan as part of the ESAP at the early stage of our investment. The established Business Continuity and Disaster Recovery Handbook has become instrumental for guiding the borrower's management during different business disruption events, and thereby minimising adverse impacts.

Additionally, the borrower proactively developed a Flood Defence Policy for their factory and workshops, implementing standardised procedures for responding to flooding events. This policy includes detailed precautionary measures and protocols for activating emergency facilities and equipment.

As for the April 2024 flooding event, we promptly engaged with the borrower to understand their responses. We understood that they managed to implement various precautionary measures to reduce the risk and impacts that might be caused by the heavy rain, resulting in no disruptions to operations or any damages to facilities. This outcome has underscored the importance of building preparedness and resilience against climate risks.

Examples of precautionary measures adopted:

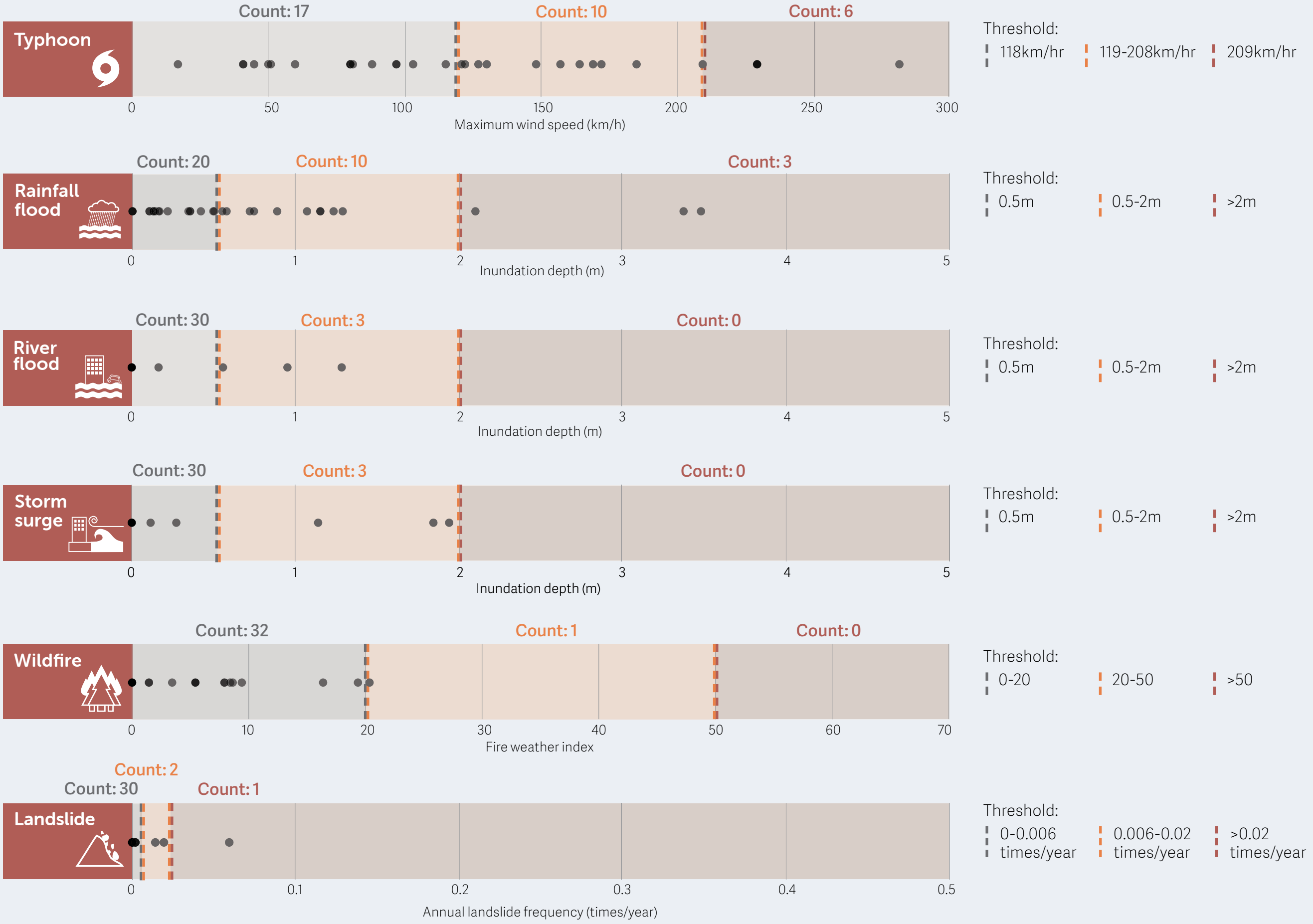
- Sandbags placed at factory entrances to prevent water intrusion
- Stationary pumps and portable pumping equipment deployed to drain excess water from the vicinity
- Production materials and goods were lifted onto platforms to safeguard them from potential flooding
- Practiced close monitoring on extreme weather warnings to implement relevant preventative measures
- Organised regular safety meetings and disaster prevention training sessions

25. CNN. (2024) Massive floods threaten tens of millions as intense rains batter southern China. https://edition.cnn.com/2024/04/22/china/china-guangdong-floods-intl-hnk/index.html

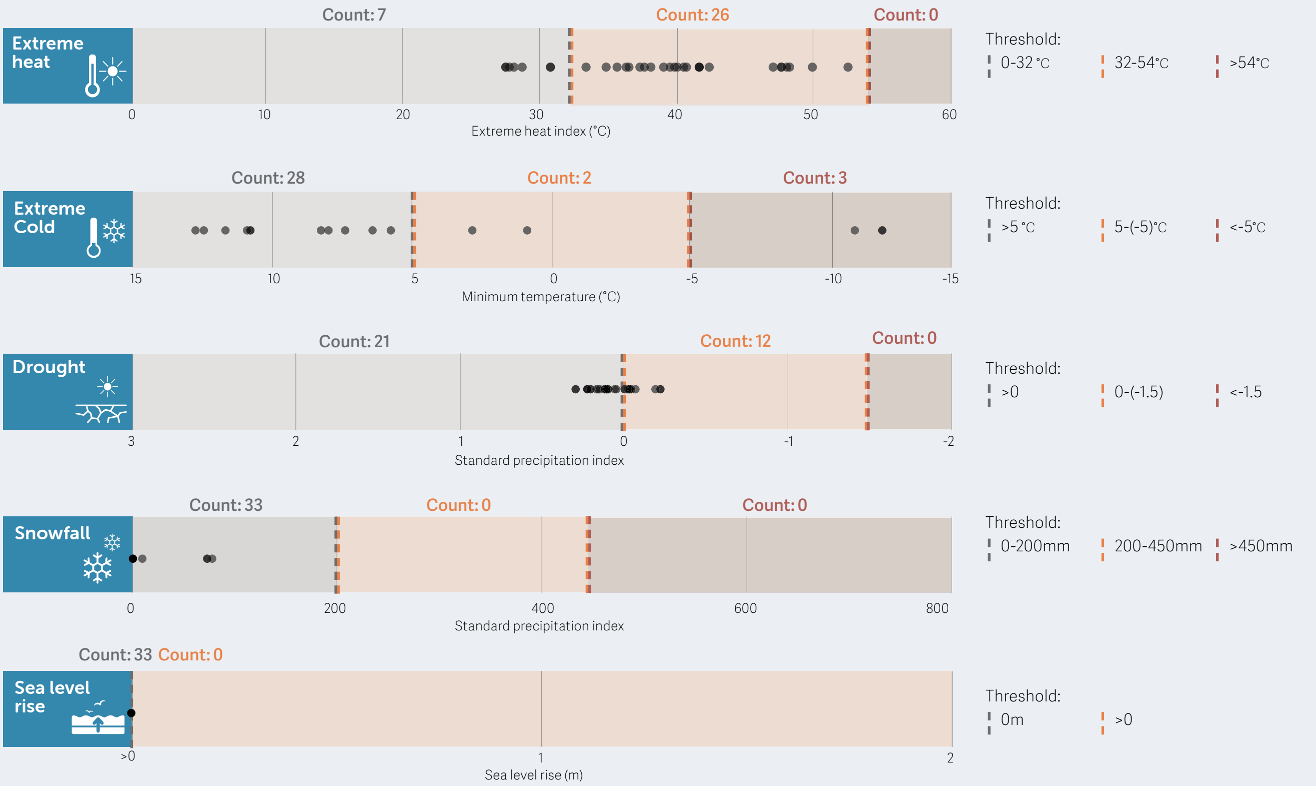
## DISTRIBUTION OF ASSETS EXPOSED TO PHYSICAL CLIMATE HAZARDS FOR SSP 4.5 2030

Note: The graphs below are plotted based on the spectrums Intensel identified with reference to authoritative scientific sources and known classification schemes. Each dot represents an individual asset, and its position reflects the projected climate hazard intensity to the specific hazard. Some darker spots on the graphs indicate overlapping assets as multiple assets share the same hazard intensity reading, causing their dots to stack and appear darker. All projections are geographical location driven and are unbiased with respect to asset characteristics such as area, building type, valuations, mitigation and adaptation measures.

### Acute Hazards




### Chronic Hazards



## Portfolio level

The projected Climate Value-at-Risk ("CVaR")[26] associated with each climate hazard[27] helps visualise the impact of physical risks to our portfolio and quantify the financial implications in terms of asset values and operations. The results are further consolidated at the portfolio and country levels.

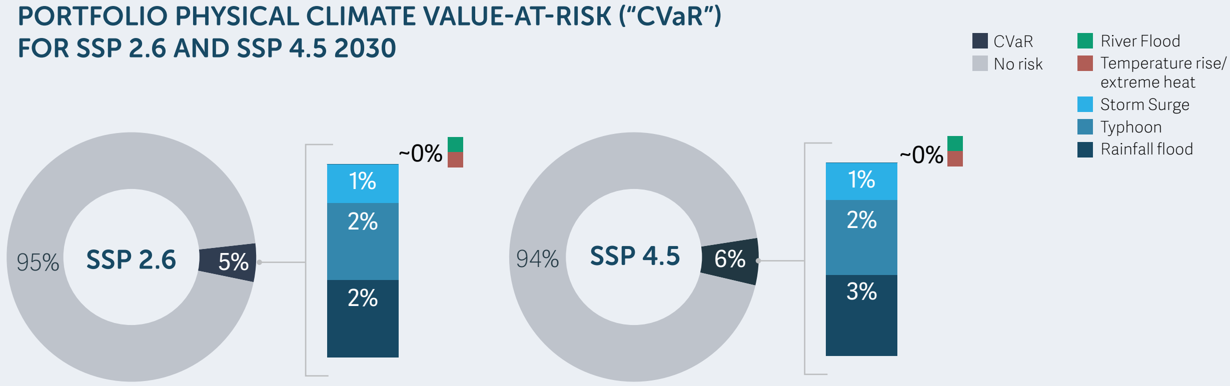
As of 31 December 2024, the estimated percentage of CVaR[28] was 5% to our total asset exposure[29], consisting of 3% of losses due to direct physical damage to assets and 2% of losses due to operational interruption, in the more conservative scenario of SSP 2.6 for 2030.

In the more pessimistic scenario of SSP 4.5 for 2030, the estimated percentage of CVaR was slightly higher at 6%, with direct physical damage losses and operational losses amounting to 4% and 2% respectively.

Of the assets analysed, the primary source of CVaR derives from acute climate hazards such as rainfall floods, typhoons and storm surges, accounting for over 99% of the total. The aggregated CVaR are concentrated among a small number of particularly vulnerable assets located Australia, China and the Philippines.

While temperature rise/extreme heat has less impact on fixed structures compared to acute weather hazards, temperature-related risks are present in nearly all locations we have analysed so far. That can result in significant operating costs in terms of increased energy demand for cooling and social costs associated with lost time on the job, if not managed properly.

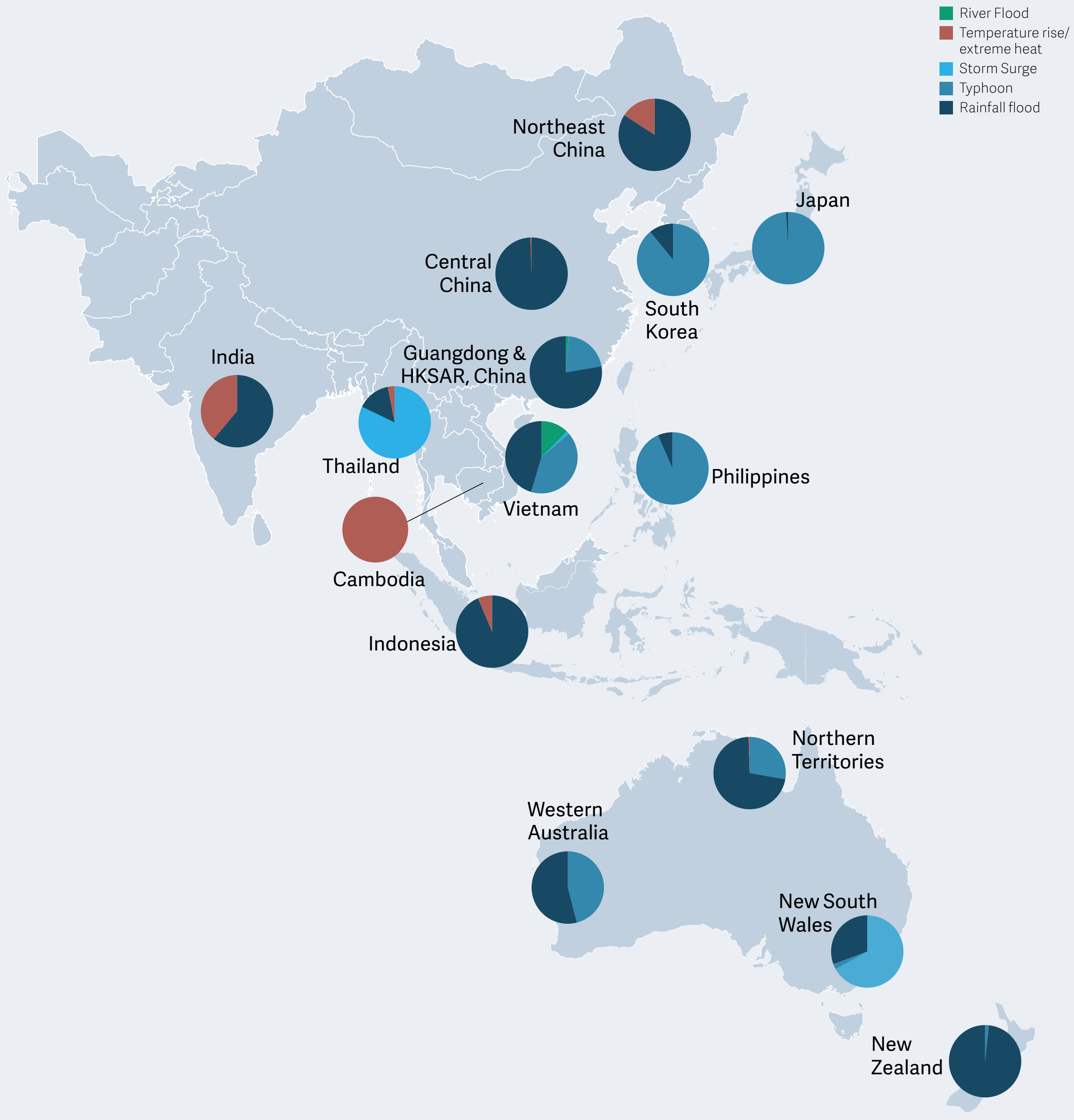
### PORTFOLIO PHYSICAL CLIMATE VALUE-AT-RISK ("CVaR") FOR SSP 2.6 AND SSP 4.5 2030




26. This is the projected physical losses due to physical property damage and operational losses due to business interruption or cost of cooling.
27. The Intensel analysis of financial impacts covers physical climate risks of river flood, storm surge, typhoon, rainfall flood and temperature rise/extreme heat.
28. This is calculated by dividing the total expected losses due to the selected physical climate hazards by the total portfolio exposure, which refers to the assets' valuations and annual operational revenues combined.
29. Exposure refers to the assets' valuations and annual operational revenues combined.

ADM CAPITAL

## PORTFOLIO PHYSICAL CVaR BY PHYSICAL CLIMATE HAZARDS AND BY COUNTRY FOR SSP 4.5 2030




Whilst the material exposure of our assets to climate-related physical risks tends to depend primarily on more arbitrary variables such as site elevation and structural characteristics, we have identified some regional trends that would help validate our initial risk identification at the pre-due diligence stages of pipeline deals. For example, assets in the Southern China and Southeast Asian around the South China Sea may experience higher risk of typhoons, while assets in Central and Northeast China, as well as South Korea, may experience more risks from rainfall flooding compared to other climate hazards.

We continue to monitor our portfolio's exposure and vulnerability as climate modelling is improved, new tools introduced and CVaR is updated.

## Transition Risk

As economies transition toward a low-carbon future, our investments face growing challenges from the expectations of diverse stakeholders. These challenges are manifested in transition climate risks related to factors that directly affect businesses, such as changes to regulation and policy, shifts in market demand and advances in technology. This would also include reputational risks associated with not transitioning.

Understanding these risks at both the deal and portfolio level enables us to adapt our investment strategy and better manage our lending, while positioning ourselves for future opportunities.

## Investment level

### Identifying transition climate risk

At the pre-concept stage, we leverage our proprietary toolkit to assess sub-sector specific transition impacts of four key factors, including direct emission costs, indirect emission costs, low-carbon capital expenditure, and potential changes in revenue streams.

We discuss with borrowers the risks identified and explore potential transition opportunities through innovation such as new technologies and markets. It is essential for us to understand the unique business context of each borrower and tailor strategies for them to not only mitigate risks but also amplify their competitive advantages.

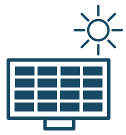
Subsequently, during the ESG due diligence, our external consultants further look into the prevailing regulatory landscape, market dynamics, and sector-specific challenges related to climate transition at the local level.

### Enhancing and tracking management of transition climate risks

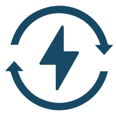
Advised by the ESG due diligence consultants, the ESAP may encompass climate transition risk management initiatives. These could be designed to enhance governance capacity, such as establishing comprehensive climate change policies, and to improve internal carbon accounting practices.

In addition, we establish sustainability targets for portfolio companies, where relevant. These include obtaining green building certifications or increasing the share of energy consumption from renewable sources.

The semi-annual ESG KPI data collection also includes key climate-related metrics, particularly focused on energy consumption by source, renewable energy generation, and GHG emissions. Please see Carbon accounting tool for our borrowers for more details of how we support borrowers in measuring emissions.

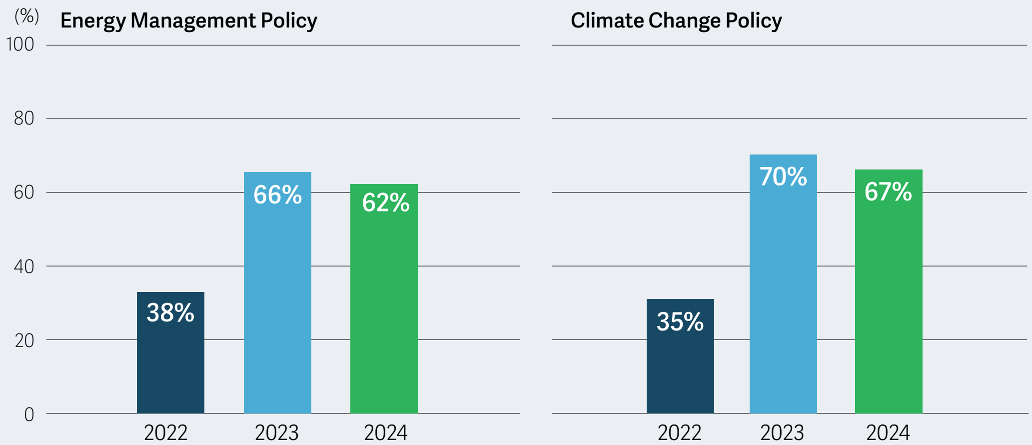


**14%**
of deals have developed renewable energy generation capacities on-site[16]



**24%**
of total electricity consumption of our portfolio in 2024 was sourced from renewable energy (including self-generated and grid-sourced)

### PERCENTAGE OF REPORTING DEALS[30] WITH




30. The percentage is calculated using the outstanding loan value of deals active as at 31 December 2022, 2023 and 2024 respectively, that had reported the corresponding ESG KPI.

CASE STUDY

## Driving Higher Standards through Sustainability Targets: Unlocking Value through Attaining Green Building Certifications

In 2024, ADM Capital financed a commercial real estate asset in Vietnam. Prior to investment, the borrower had already demonstrated a strong commitment to sustainability and recognised the benefits that green buildings bring. This was evident in their design and construction efforts aimed at achieving LEED v4 Building Design and Construction (BD+C) Gold Certification along with established plans for installing rooftop solar panels.

Beyond developing an Environmental and Social Action Plan to address identified ESG risks during the due diligence stage, we partnered with the borrower to set sustainability targets aimed at achieving industry best practices. The target was on obtaining LEED v4 Building Operations and Maintenance (BO+M) and WELL Certifications that would encompass the building's operational phase.

Prior to establishing these targets, the ESG due diligence consultant conducted a gap analysis to assess the feasibility and necessary actions for achieving LEED BO+M and WELL Certifications. Attaining these certifications is anticipated to generate green and sustainable rental premiums, enhance asset valuations, and positively influence the asset's reputation and branding. Given these foreseeable benefits and the minimal gaps identified in the analysis, the borrower agreed to devote extra efforts and resources to work towards obtaining both certifications.

Since our investment, the borrower has achieved the LEED v4 BD+C Gold Certification for its flagship commercial building. They are currently working with their green building consultant in achieving the LEED BO+M and WELL certification.

The borrower has laid a strong foundation with green building designs and technical features, which also enable effective management of transition risks arising from evolving emissions and resource management-related regulations. Their commitment to sustainability not only aligns with market expectations but also positions them well in an environmentally conscious market. With tenants becoming more selective about which buildings to occupy, those with green certification gain a competitive edge and may command higher rental rates or sales prices.

### Statement from the Company

"ADM Capital's ESG framework has provided a clear structure and helpful reference point as we continue to advance our sustainability strategy. At the time of their investment, we had already committed to achieving LEED BD+C and planned for LEED BO+M certification. Through our collaboration, we further formalised various sustainability efforts under a structured Environmental and Social Action Plan and incorporated WELL certification in alignment with financing requirements. While WELL was not originally planned, it has prompted us to strengthen aspects of our operational strategy. ADM Capital's engagement has been constructive and pragmatic, supporting a shared objective of responsible asset management and long-term value."

### Examples of Green Building Measures Adopted:

- **On-site renewable energy** helping to significantly reduce dependency on grid electricity and mitigating potential risks from future carbon pricing
- **Smart metering for real-time monitoring of energy consumption**, with data collected and analysed for identification of usage patterns and anomalies
- **High-efficiency energy and water designs** that ensure optimal resource efficiency, covering the HVAC, automated lighting control, low-flow fixtures etc.
- **Preference in environmentally friendly and safe products** including ozone-free refrigerants, certified cleaning products, and selected consumables and electronics
- **Ventilation systems designed to enhanced indoor air quality** that exceed ASHRAE standards, along with routine maintenance and monitoring
- **Heat island reduction measures**, such as reflective roofing materials and high-SRI paving surfaces, retained and maintained from original green design

## Portfolio level

Due to the diversity of sectors represented in our portfolio, identifying and monitoring transition risks for our investment is an ongoing challenge that we are continuously working to overcome. We follow the guidance provided by SASB concerning sector-specific transition risks and evaluating qualitatively.

Our ESG Committee actively engages in dialogue with our investment team to identify and outline the high-level transition risks of potential and existing deals. These risks are summarised based on the three main pillars below of transition risk analysis.

| Transition Risk | Potential Adverse Impact | | | Potential Positive Impact / Opportunities |
|---|---|---|---|---|
| | Costs / Operational Expenditure | Assets Value / Capital Expenditure | Revenues / Customer base | |
| **POLICY & LEGAL** | | | | |
| Emissions-reporting obligations | Increased monitoring and reporting cost | | | Competitiveness of companies that are already monitoring their GHG |
| Pricing of GHG emissions | Direct increase in costs | | | Competitiveness compared to carbon intensive companies |
| Mandate and regulations on existing products and services | Incremental costs to comply with new regulations | Potential ban on certain products | | Decrease in operational costs as a result of alternatives with higher resource-efficiency; Potential public subsidies; Known customer base for more sustainable alternatives |
| **TECHNOLOGY** | | | | |
| Substitution from high to low GHG-intensive options, driven by both national targets and shifts in consumer preferences | Incremental costs of change to more sustainable alternatives | Potential carbon-intensive stranded assets | Decline in competitiveness – loss in market share | Decrease in operational costs due to alternatives with higher resource-efficiency; Potential public subsidies; Known customer base for more sustainable alternatives |
| Emergence of new green technologies | Incremental costs of new technologies | Potential carbon-intensive stranded assets | New competition – loss in market share | |
| **MARKET** | | | | |
| Increase in stakeholder expectations with new conditions for the social license to operate | Incremental costs to comply with new expectations | Definitive loss of social license to operate | Market size constriction | Competitiveness of companies that already set high ESG standards |
| Increase in the cost of rare or more regulated raw materials | Higher raw materials cost | | | Competitiveness of resource efficiency and recycling schemes |

## Limitation

We recognise the significant impacts of climate change on physical assets and their potential financial implications. However, the complexity of our deals, including but not limited to collateral packages and deal structures, may challenge our ability to fully assess and quantify these impacts across our portfolio and our balance sheet. The data provided by Intensel offers valuable insights but is limited in scope. It only evaluates the effects of physical climate risks without accounting for asset-specific resilience measures, mitigation strategies, or insurance coverage. Additionally, the tool assumes the co-occurrence of climate hazard events solely for assessing severity, not frequency, which may lead to an underestimation of potential impacts.

For transition risks, we rely on a qualitative assessment approach due to the limited availability of data in many of the emerging markets where we invest. Key metrics, such as carbon pricing, sector-specific emission reduction targets, and regulatory frameworks, are often incomplete or unavailable. While this assessment approach provides directional insights for monitoring, we are committed to supporting our borrowers in improving their data quality and gradually implementing transition measures.

We acknowledge these limitations and continue to refine our methodologies to enhance the robustness of our climate risk management framework.

ADM CAPITAL

OUR INSIGHTS

## Challenges in Setting a Net Zero Target

2024 marks our fifth year of assessing greenhouse gas emissions, and our first full year of gradually adopting the resources and methodologies of PCAF to complete our Scope 3 emissions profile. Over this time, we have gained a deep understanding of our footprint, the potential for decarbonisation, and the limitations of both for an emerging markets private credit manager.

Through retrospective analysis and discussions with peers in Asian private credit and beyond, it is clear that deep engagement with our borrowers is paramount to achieving meaningful emission reductions. The product of our engagement efforts has been a comprehensive emissions dataset from which meaningful analysis and improvements can be made.

Our approach of managing transactions to IFC Performance Standards with an Environmental Social Action Plan has allowed us to directly and actively point to aspects of our borrowers' operations for improvement. Our PCAF-based estimation capability has allowed us to benchmark and assess deals on a big-picture level, in view of decarbonisation.

However, as an asset manager investing in emerging Asian markets, we encounter challenges in establishing net zero targets for our investment portfolio. These challenges reflect the complexity of aligning investment strategies with climate goals in regions characterised by diverse economic development.

### Global Market Challenges: The Impact of Political Shifts on ESG Leadership

Recent shifts in international politics have significantly affected the incentive dynamics of ESG Leadership. The significant ongoing exodus from net zero commitments by large asset owners and managers threatens to stunt the favourability of small asset managers with strategies concentrated on ESG.

### Challenge of Striking a Balance: Regional Development and Decarbonisation in Asia

Many emerging markets in Asia still prioritise economic growth over decarbonisation, resulting in varied timelines and priorities. The Economic and Social Commission for Asia and the Pacific ("ESCAP") stated that the nationally determined contributions ("NDC") 2.0 for front-runner countries in the Asia-Pacific region still fall short by 6% to 63% from the IPCC emissions trajectories necessary to realise a 1.5°C pathway. Given the limited ambition from governmental authorities, many companies are not sufficiently motivated to plan their transitions.

### Challenges in Balancing Fiduciary Responsibilities with Net Zero Target Commitments

Aggressively pursuing a net zero target poses challenges by potentially narrowing our investment options, which raises important considerations about our fiduciary responsibilities and risk diversification. We believe it is crucial to seize opportunities that support real-world emissions reductions and a sustainable, just transition. This may involve strategically investing in higher-emitting companies with a strong transition pathway and actively engaging them to facilitate emission reductions.

### Navigating the ESG Knowledge and Resource Gap of SMEs

Moreover, we fund SMEs that not only need financial support but lack in-house ESG resources and are early in their sustainability journey. There remains a substantial gap, particularly when it comes to covering Scope 3 emissions of borrowers within a decarbonisation context.

### Moving Forward

With these challenges in mind, our primary objective is to maintain close collaboration with our borrowers to help them identify transition opportunities and enhance their ESG capabilities. Our climate-focused solution for Indonesia's agriculture and forestry is one such approach. We aim for our strategies to enhance data quality and lead to emission reductions at both the deal and portfolio level. We will continue to monitor the trends in our financed emissions and broader market developments. By navigating through these complexities, we aim to balance our commitment to sustainability with our responsibility as asset managers while setting realistic and attainable targets.

## SHARING OUR PERSPECTIVES

### HKGFA Annual Forum 2024: Financing Asia's Net Zero Transition

ADM Capital Managing Director – Sustainable Finance, Lisa Genasci and Managing Director attended the HKGFA Annual Forum 2024: Financing Asia's Net Zero Transition, contributing to a panel discussion session on **"Is Natural Capital a Risk or Opportunity?"**.

Joined by other industry professionals, Lisa shared the current state of play in climate mitigation and adaptation in Asia Pacific and discussed how financial institutions should integrate nature factors into decision-making processes. The discussion also covered the development of nature-based solutions and related financing opportunities in Asia.


### Our Carbon Footprint

Responding to the TCFD recommendations, ADM Capital has classified its emissions metrics into two categories: operational activities and investment activities. By disclosing according to these metrics, we enhance our transparency and accountability relative to our climate initiatives.

### Operational emissions

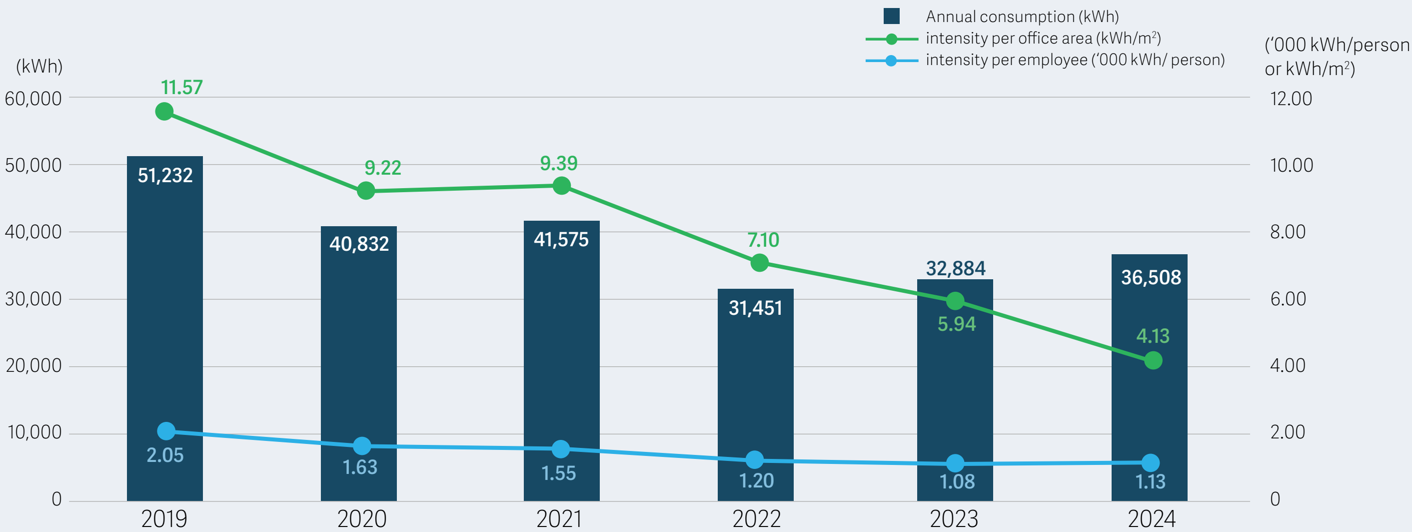
Our operations across our offices result in a minimal carbon footprint compared to the financed emissions of our portfolio. Nevertheless, we are committed to actively managing our operational carbon footprint. In October 2023, we relocated to an office that better aligns our business needs.

To gain insights into our performance and identify areas for improvement, we continuously assess and monitor the emissions generated by our direct operations and activities essential to our direct operations across five sources[31]. These include Scope 2 - electricity consumption and Scope 3 – flights, airport commutes, office commutes, and waste, including the upstream and downstream emissions of water usage.

**Scope 2**

Our Hong Kong headquarters is in a building with platinum ratings from both BEAM Plus and LEED certifications. During 2024, our Hong Kong office consumed around 36.5 MWh of electricity sourced from the local power supplier, Hong Kong Electric ("HKE"), resulting in 21.9 $tCO_2e$,

### ADM CAPITAL HONG KONG OFFICE ELECTRICITY CONSUMPTION AND INTENSITIES 2019-2024




31. We do not measure and report Scope 1 emissions and related activities due to a lack of conclusive data, including the refrigerant leakage rate of the domestic refrigerator in our office and the proportion of fuel consumed by the company-owned vehicle for work-related mileage.

or 9% of our operational GHG emissions. Although total electricity consumption has increased 11% compared to 2023 primarily due to our move to a larger office space, the associated emissions recorded a minor increase of 1% because of the lowered HKE emission factor[32]. Furthermore, thanks to the improved energy efficiency of our new office, the annual electricity consumption per square meter dropped around 31%. We have also made significant reductions in our scope 2 emissions of 59% per employee and 47% on an absolute basis when comparing to our 2019 baseline emissions.

**Scope 3**

Emissions from business travel , including flights[33] and the airport commute[34], account for most of our operational emissions. In 2024, our business travel emissions amounted to 212 $tCO_2e$. This reflects our typical travel patterns driven by the need for in-person meetings representing our close engagement with borrowers and site visits.

The significant increase compared to previous years is also a result of the update in International Civil Aviation Organization's ("ICAO") methodology, in which emissions are specific to cabin classes whenever available. Emissions for years prior to 2024 were calculated using an earlier methodology that allocates emissions using with a ratio of 2:1 for premium cabin class to economy cabin class on flights over 3,000 km only. In the upcoming year, we will work on recalibrating our historical data using ICAO's methodology update to re-assess the Paris-alignment of our operational emissions.

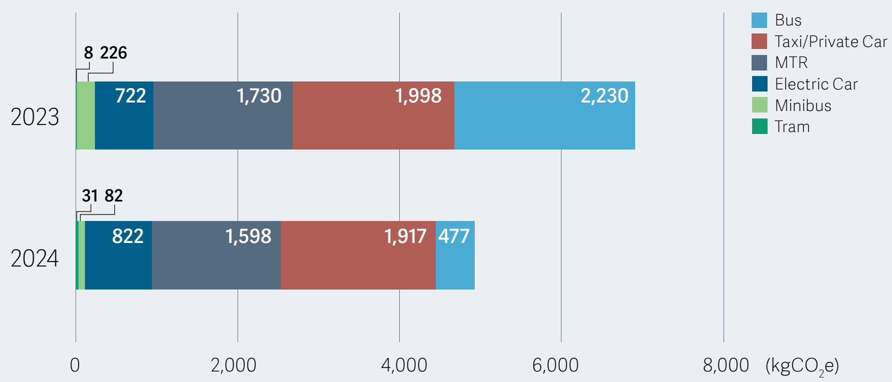
We continue to prioritise the use of online and virtual communication tools whenever possible, as we understand they have significantly better emission efficiency, emitting only approximately 150 to 1,000 $gCO_2$ per hour of virtual meeting[35].

The office relocation in October 2023 has allowed for reductions of our indirect non-energy related emissions and improved data collection. The building's direct underground connection to the metro station and its reduced distance to nearby tram stations have facilitated employee commutes via MTR and trams, replacing fuel-burning transportation options such as minibus, double-decker buses and taxis.

Compared to 2023, the 2024 total employee commute emissions[36] dropped from 6.9 $tCO_2e$ to 4.6, $tCO_2e$, accounting for a 34% reduction, while the commute emissions intensity per employee has dropped by 38%.

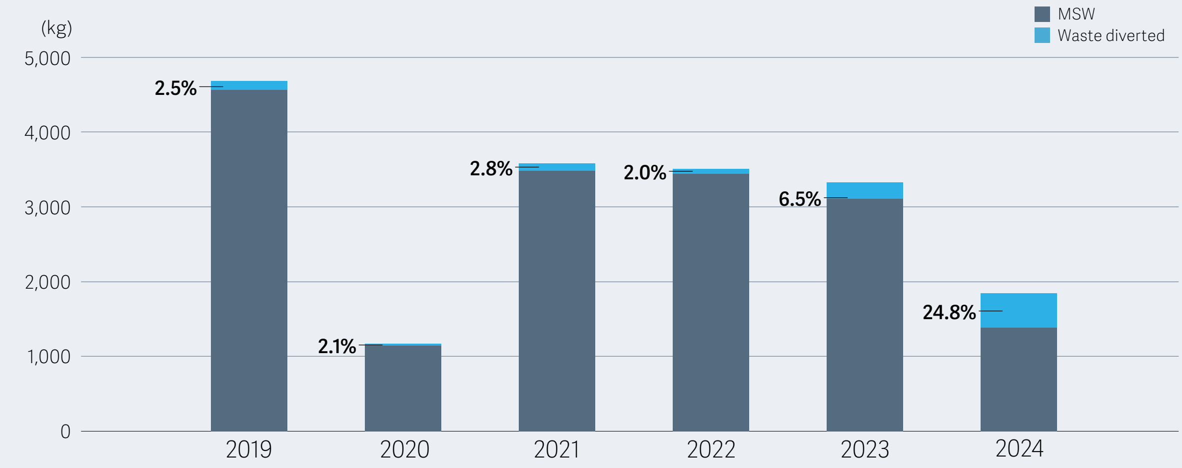
As for waste, we separate at source seven types of recyclables from our municipal solid waste, namely paper, plastic, metal, coffee grounds, glass and cartons. The separated items are further weighed and diverted from landfill to recycling through contractors every day under the Green Performance Pledge scheme launched by our landlord. The scheme allows us to closely monitor and review our waste generation and obtain detailed data for analysis and disclosure. We have reduced our annual waste generation significantly by 45% compared to 2023, and 61% since our baseline year of 2019[37]. As a result, our related absolute emissions have reduced by 55% compared to 2023, and 69% since our baseline year of 2019[38].

**ADM CAPITAL HONG KONG OFFICE EMPLOYEE COMMUTE EMISSIONS BY TRANSPORT MODE 2023-2024**

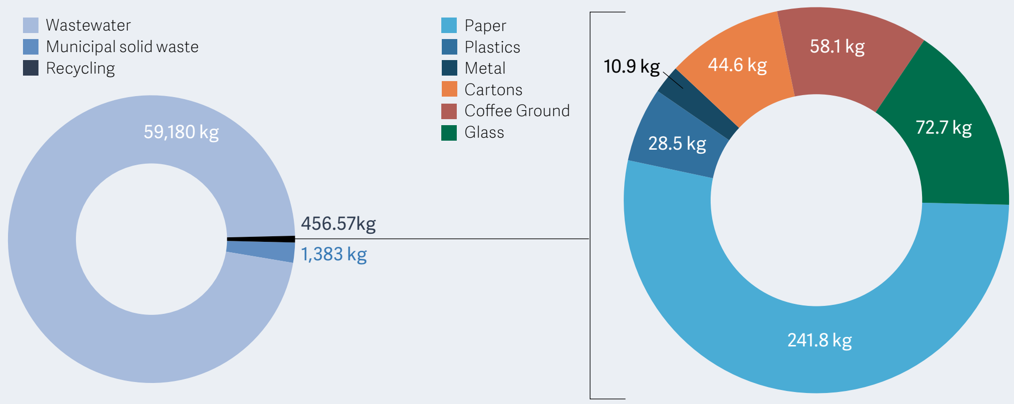



32. The HKE emission factor has dropped from 0.66 $kgCO_2e/kWh$ in 2023 to 0.6 $kgCO_2e/kWh$ in 2024.
33. The emissions cover the flights taken by ADM employees in Hong Kong. We estimate flight emissions using the International Civil Aviation Organization's (ICAO) online calculator and methodology. For emissions related to the flights of consultants who work for ADM outside of the Hong Kong office, please refer to the table *"ADM Capital GHG Emissions by Scope and Category 2024"* on page 40.
34. We started tracking airport commute emissions from 2023.
35. MIT Energy Initiative (2021). How to reduce the environmental impact of your next virtual meeting. https://news.mit.edu/2021/how-to-reduce-environmental-impact-next-virtual-meeting-0304#:~:text=One%20hour%20of%20streaming%20or,size%20of%20an%20iPad%20Mini.
36. The emissions cover only commuting of ADM employees in Hong Kong.
37. Waste generation intensity (per employee) reduced by about 45% compared to both 2023 and 2019.
38. Waste related emission intensity (per employee reduced by 55% and 76% compared to 2023 and 2019 respectively.

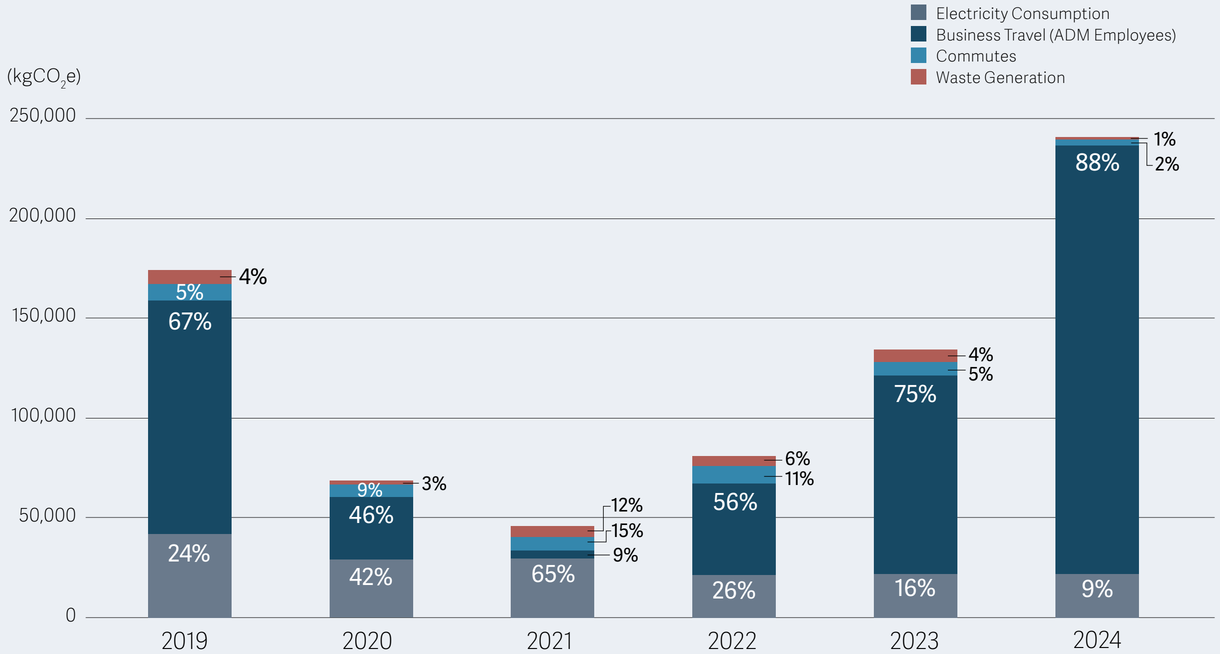
## ADM CAPITAL HONG KONG OFFICE WASTE GENERATION AND WASTE DIVERSION 2019-2024




## ADM CAPITAL HONG KONG OFFICE WASTE GENERATION BY TYPE 2024




## ADM CAPITAL HONG KONG OFFICE OPERATIONAL EMISSIONS BY SOURCE 2019-2024



## Financed emissions

A unique challenge that we face in sector-agnostic private investments across Asia-Pacific is that our investments encompass stakeholders who lie at different points along the environmental regulatory spectrum. Additionally, they are affected differently by climate change, requiring us to adopt a bespoke approach when engaging with our portfolio companies, adapting our assistance to their specific regional and business context, while keeping a shared objective in mind.

Despite the shifting regulatory and market dynamics, our ESG Committee and investment teams have remained steadfast in promoting the importance of managing carbon footprints. We actively engage with portfolio companies to help build capacity to measure and manage emissions, providing technical support throughout the measurement and calculation processes.

## Carbon accounting tool for our borrowers

We have incorporated GHG emissions related indicators into our ESG KPI reporting template. We continue to employ our turnkey Carbon Calculator, which simplifies the GHG emissions calculation process by converting readily available metrics, such as fuel mass and electricity consumption, to all scope 1, 2 and 3 GHG emissions.

The calculator has been designed with reference to the requirements and guidance set out in the GHG Protocol Corporate Accounting and Reporting Standard, with emission factors sourced from the UK Government, IEA, ICAO and City University of Hong Kong's Carbon Audit Guidelines.

With this proprietary tool, our portfolio companies can estimate their emissions with ease. This streamlined carbon accounting process and increased engagement levels with borrowers over the past years have allowed us to step closer to establishing a baseline of our portfolio and fund-level emissions.

In 2024, we observed a slight drop in the number of deals reporting their GHG emissions across all scopes[39] to us using our GHG calculator and through the KPI submissions. Emissions have been reported for 64% of our outstanding loan value across the portfolio as of 31 December 2024.

## Financed emissions at Portfolio level

For the borrowers with reported emissions, the aggregated gross scope 1 & 2 emissions in 2024 was 106 kt$CO_2$e.[40]

Since we are currently working to refine the overall calculation of our attributed emissions, we have applied an attribution factor of 1 to the emissions of all deals to ensure prudent disclosure of our climate impacts. Consequently, the actual scope 3 financed emissions of our portfolio is likely to be lower and will be publicly disclosed according to the technical and disclosure requirements set out by PCAF. We will also attempt to backdate deal  emissions to facilitate meaningful trend analysis whenever feasible. PCAF requires us to report on finance emissions starting in 2026.

In November 2023, we became the first private debt manager in Asia to join the Partnership for Carbon Accounting Financials ("PCAF"), a growing network of financial institutions who share data and help to further develop the GHG accounting methodology.

As a signatory, we have committed to publishing our financed emissions by November 2026, including our borrowers' scope 3 emissions whenever applicable.

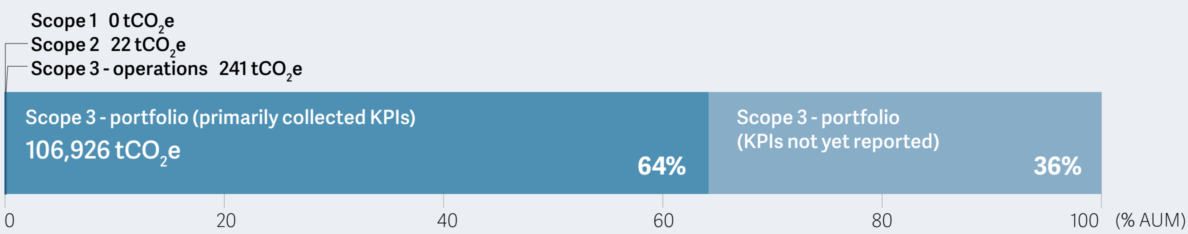
**> 600**
PCAF signatories, representing

**> USD100 trillion**
in AUM at the time of writing

**> 4.4 million**
emission factors in PCAF database to help us estimate emissions more accurately

PCAF Partnership for Carbon Accounting Financials

## ADM CAPITAL FINANCED EMISSIONS BY ACCOUNTING APPROACH 2024




39. Scope 1 and 2 emissions were comprehensively reported, and although scope 3 was reported consistently across the portfolio, the completeness and credibility varied by deal due to differences in data coverage and capabilities.
40. Total scope 1 & 2 emissions reported by the borrowers' activities regardless of attribution to ADM Capital and to other investors, i.e. adopting attrition factor of 1.

## ADM CAPITAL GHG EMISSIONS BY SCOPE AND CATEGORY 2023-2024

| | 2023 | 2024 | Y-to-Y change | Change (from 2019 baseline) |
|---|---|---|---|---|
| Unit | $tCO_2e$ | $tCO_2e$ | % | % |
| Scope 2 – Indirect energy related GHG emissions | 21.7 | 21.9 | ▲ 1% | ▼ 47% |
| Scope 3 – Other indirect GHG emissions | 74,188 | 107,161 | ▲ 44% | N/A |
| Category 5 – Waste generation | 4.7 | 2.1 | ▼ 55% | ▼ 69% |
| Category 6 – Business travel[41,42] (ADM Capital employees only) | 100 | 212 | ▲ 113% | ▲ 81% |
| Category 6 – Business travel[41,42] (ADM Capital Consultants) | 7.3 | 16.5 | ▲ 127% | N/A |
| Category 7 – Employee commuting (ADM Capital employees only) | 6.9 | 4.6 | ▼ 34% | ▼ 44% |
| Category 15 – Investment (reported)[43,44] | 74,069 | 106,926 | ▲ 45% | N/A |
| Total GHG emissions | 74,210 | 107,183 | ▲ 44% | N/A |
| Total operational GHG emissions (Scope 2 and Scope 3 – Cat 5, 6 (ADM Capital employees only) and 7) | 133 | 241 | ▲ 81% | ▲ 39% |
| Operational GHG emissions (Scope 2 and Scope 3 – Cat 5, 6 (ADM Capital employees only ) and 7) intensity per ADM Capital employee | 4.4 | 7.5 | ▲ 71% | ▲ 8% |

## HIGHLIGHTS

### Participating in the Climate Ambition Accelerator 2024: Gaining the Knowledge and Tools to Set a Path Toward Net Zero

We were pleased to participate in the UN Global Compact's Climate Ambition Accelerator 2024, a six-month program designed to help companies set science-based targets and work toward net-zero emissions by 2050.

Although we had already begun work on GHG emissions accounting and explored potential net-zero strategies, we saw this program as an opportunity to deepen our understanding of GHG management, the Science Based Targets initiative ("SBTi"), and ultimately gain insights on improving our own climate ambition and greenhouse gas management strategy.

The program combined online and offline learning, expert-led sessions, and peer exchanges. Key components included:

- **GHG Inventory:** Reviewing best practices and methodologies to strengthen our emissions accounting.
- **Setting a Science-Based Target:** Engaging with SBTi tools and resources to gain a clear understanding of the approach and methodologies.
- **Emissions Management:** Identifying practical strategies to reduce emissions and support long-term climate goals.

The program provided actionable insights and tools that have directly supported our efforts to refine our climate ambition and work towards developing a more credible, science-aligned emissions reduction strategy.

41. Scope 3 Category 6 – Business travel emissions include emissions from flights and commuting to and from airports. However, due to limited data availability, we estimated the emissions of commuting to and from airports for locations outside of Hong Kong using data from similar commuting modes within Hong Kong.
42. Flights-related emissions for 2024 are calculated using the ICAO Carbon Emissions Calculator Methodology Version 13.1, which emissions are specific to cabin classes whenever available . Emissions for years prior to 2024 were calculated using an earlier methodology that allocates emissions using with a ratio of 2:1 for premium cabin class to economy cabin class on flights over 3,000 km only.
43. Total scope 1 & 2 emissions reported by the borrowers' activities regardless of attribution to ADM Capital and to other investors, i.e. adopting an attrition factor of 1.
44. Accounting for 64% of the total outstanding loan value of our portfolio.

# NATURE AND BIODIVERSITY

Globally, biodiversity is under severe threat, with habitats and species declining at alarming rates driven by factors including habitat loss, overexploitation and pollution. These issues not only disrupt ecosystems but also jeopardise the livelihoods of communities that rely on these natural resources. Climate change exacerbates these threats, leading to altered habitats and increased pressure on species, making it crucial to address both climate and biodiversity challenges together.

Addressing the biodiversity crisis requires unified global action. With our presence in financing SMEs across Asia-Pacific, home to over half of the world's biodiversity, we have an important role to play in supporting our portfolio companies to manage nature-related risks and capture opportunities. SMEs are often associated with activities such as agriculture, manufacturing and resource extraction, which can disrupt natural habitats, ecosystems and biodiversity. By integrating biodiversity considerations into our risk management framework and supporting our portfolio companies, we can do our part to foster a sustainable and thriving ecosystem.

To tackle nature loss effectively, a concerted global effort is essential. Key actions include strengthening policy frameworks, increasing financial investments for conservation, promoting collaboration between governments and NGOs and raising awareness about the importance of biodiversity. In APAC, strategies must be tailored to local contexts to ensure effective implementation.

For ADM Capital, the evolving landscape of biodiversity presents both challenges and opportunities. To manage our own risks and contribute to the global effort to halt and reverse nature declines, we integrate nature-related risk management into our investment strategies, aligning with TNFD recommendations to enhance transparency and accountability. This involves assessing our portfolio's nature-related impacts and dependencies as far as practicably possible and seeking investments that support sustainable practices. By engaging with borrowers and aligning with the principles of the United Nations Global Compact ("UNGC") and the TNFD, we can reinforce our commitment to managing ESG risk, contribute to a healthier planet, and help our borrowers to do the same.

We also have a responsibility to be transparent in terms of our own nature-related risks and opportunities. As an initial step, in 2024 we published our first TCFD and TNFD Integrated Report.

As there are still ongoing enhancements to the TNFD guidance, we will continue to work on improving our consideration of nature-related issues in alignment with industry developments.  This year we have chosen to integrate our TCFD and TNFD reporting into this sustainability report as part of consolidating our approach to managing both our operational and financed risks.

### Mitigating Our Direct Biodiversity Impact

Given the nature of our business, ADM Capital's physical operations, which are offices located in cities across Asia-Pacific generally do not have a material impact on ecosystems. Nevertheless, we are committed to managing and monitoring the environmental impact of our direct operations.

From our headquarters in Hong Kong, we participate in Swire Properties' Green Performance Pledge scheme. Detailed monthly reports are shared with us to inform our resource conservation efforts. Our recycled waste also includes biological matter, with our used coffee grounds being transformed into high quality organic compost.[45] As of 2023, Swire Properties works with a local green enterprise to mix coffee grounds with other organic waste to create this compost, which is used in a variety of cultivation methods.[46] Through our collaboration with Swire Properties under the scheme, we can make more informed decisions concerning operational emissions and waste reductions. Please refer to the Operational Emissions section for more details.

45, 46. Swire Properties. (2024). *Ramping Up Waste Recycling Efforts*. https://sd.swireproperties.com/2023/en/performance-environment/resource-and-circularity/ramping-up-waste-recycling-efforts

We further our nature initiatives through internal processes- specifically our thematic strategies, where climate and nature goals coincide- and via external collaborations, especially with ADMCF. Please refer to the ADM Capital Foundation section for more details.

In terms of our financing activities, we add value to our borrowers by collaborating to evaluate their impacts and dependencies and assess their risks and opportunities. We use the garnered insights to build their resilience and enhance their value.

## Identifying and Managing Nature-Related Issues in Our Investments

**Investment level**

Our ESMS and suite of ESG policies provide the framework under which we assess the nature-related dependencies, risks and impacts of our transactions, in parallel to climate change considerations. Please refer to our website and ESG Risk Management Approach section for more details on our approach to integrating nature considerations into our investment activities. We continue to iterate and innovate as the industry advances in sophistication of nature integration.

HIGHLIGHTS

## Pre-Concept Screening Enhancements for Nature

In 2024, we expanded our project screening processes to include enhancements in nature and climate assessments at the pre-concept stage. Using a new toolkit developed in-house, deal teams assess the climate and nature risks and opportunities associated with a potential project at the earliest stages to ensure any environmental impacts are known and accounted for.

To assess the nature risks associated with a project, we use a location-based approach. Using the coordinates or address of a potential asset, we reference against online geospatial resources to check for the following:

| | |
|---|---|
| **Presence of mangroves** | using Global Mangrove Watch[47], we screen projects against the locations of mangroves. |
| **Sensitive sites** | using IBAT[48], we screen projects against key biodiversity areas ("KBAs") and protected and conserved areas, including those under IUCN management categories and World Heritage/Ramsar sites. |

If any project areas are found through this process to be located in sensitive sites, further analysis is undertaken to determine the impact in the context of the project.

### Portfolio level

While individual deals are assessed for nature impacts throughout the investment cycle, we also measure nature-related issues for the portfolio as a whole, with reference to the TNFD recommendations and core sector metrics for financial institutions. As a first step, we have conducted assessments to identify our exposure to sub-industries that are considered to have material nature-related dependencies and pressures and to identify our exposure to companies with activities in sensitive locations.

This assessment approach echoes TNFD's LEAP methodology as it facilitates locating the interface with nature (Locate) and evaluating priority dependencies and impacts (Evaluate).

These findings on projected impacts and dependencies can help us better manage biodiversity-related risks and opportunities. We expect that working together with our borrowers to collect more dependency and impact data over time will allow us to move towards disclosing more metrics and developing targets.

47. Global Mangrove Alliance. (n.d.). *Global Mangrove Watch*. https://www.mangrovealliance.org/global-mangrove-watch/
48. IBAT Alliance. (n.d.). *Home*. https://www.ibat-alliance.org/

## Sub-industry Exposure to Pressures and Dependencies

To understand the relationship between our investments and their pressures and dependencies on nature, we conducted a sub-industry materiality assessment using ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) data.

The tool provides materiality ratings for dependency and impact categories on the level of ISIC classes or groups (roughly equivalent to sectors and sub-sectors). For this exercise, we applied the materiality tool to all our deals in our portfolio as at 31 December 2024 to start mapping our exposure to the most material pressures and dependencies.

### Pressures

Pressures refer to the measurable quantity of a natural resource or substance that causes a change in the state of nature.[49]

Sixty-two percent of our AUM is associated with sectors or sub-sectors (termed by ENCORE as groups or classes) that cause high or very high pressures on at least one ecosystem service. The largest percentages of our AUM exposed to high or very high pressures are in the following sectors: Construction of buildings, raising of cattle and buffaloes and mining of chemical and fertilizer minerals.

In terms of AUM exposure, the most significant pressures are emissions of GHG, potential emissions of toxic soil and water pollutants and disturbances (e.g. noise, light). These were also the three pressures with the largest number of high-risk ratings unweighted by AUM. Our portfolio had no high-risk ratings for the pressure of "other abiotic resource extraction".

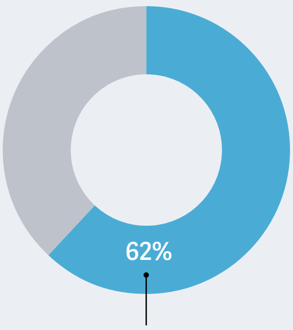
### Dependencies

Ecosystem services are nature's benefits that support economic activities, categorized as provisioning (food, water), regulating (air, water quality) and cultural (recreational, spiritual) services.[50]

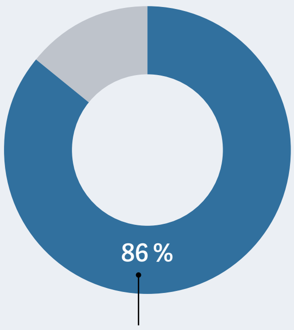
Eighty-six percent of our AUM is associated with deals in sectors or sub-sectors (termed by ENCORE as groups or classes) that significantly depend on at least one ecosystem service. The largest percentages of our AUM exposed to high or very high dependencies are in the following ISIC sections: Construction of buildings, raising of cattle and buffaloes and real estate activities.

In terms of AUM exposure, the most significant dependencies are on rainfall pattern regulation, soil and sediment retention and visual amenity services. Rainfall pattern regulation, soil and sediment retention, and water purification are the three dependencies with the largest number of high-risk ratings

### EXPOSURE TO PRESSURES ON ECOSYSTEM SERVICES




### EXPOSURE TO DEPENDENCIES ON ECOSYSTEM SERVICES




Please note that ENCORE has made new enhancements in July 2024. Key updates include the adoption of the International Standard Industrial Classification ("ISIC") for a more detailed breakdown of economic sectors. Cultural ecosystem services – such as recreation, aesthetic value, education, and symbolic or spiritual services – have now been added. Additionally, all data on impacts and dependencies of economic activities have been updated based on the latest scientific research, industry expert reviews and grey literature, such as company sustainability reports, organisations' websites and industry news.

49. In line with the Driver-Pressure-State-Impact-Response (DPSIR) framework, the ENCORE knowledge base defines the term 'pressure' as the use of a measurable quantity of a natural resource or release of measurable quantity of substances, physical and biological agents. The pressures trigger the mechanisms causing change in state of nature (i.e., ecosystems and their components). Some initiatives, such as the Taskforce on Nature-related Financial Disclosures (TNFD) or the Natural Capital Protocol, refer to pressures as "impact drivers". ENCORE, 2025

50. Ecosystem services are the connections between nature and business. Each of these services represent a benefit that nature provides to enable or facilitate economic activities. Ecosystem services were classified according to the UN System of Environmental-Economic Accounting Ecosystem Accounting (SEEA - EA), which comprises three categories of ecosystem service: provisioning services (i.e., those related to the supply of food, fibre, fuel and water); regulating and maintenance services (i.e., those related to activities of filtration, purification, regulation and maintenance of air, water, soil, habitat and climate); and cultural services (i.e., the experiential and non-material services related to the perceived or realised qualities of ecosystems whose existence and functioning enables a range of cultural benefits to be derived by individuals). ENCORE, 2025

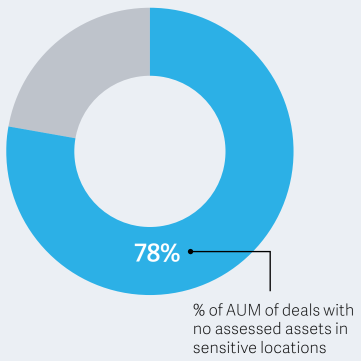
unweighted by AUM. Our portfolio had no high-risk ratings for many dependencies, including noise attenuation, animal-based energy and solid waste remediation.

### Exposure to Sensitive Locations

We recognise the significance of paying particular attention to any ecologically sensitive locations where business models or assets of our portfolio companies may have an impact or dependency on nature.

As an initial step to assess our exposure to sensitive locations, we used the Integrated Biodiversity Assessment Tool ("IBAT")[51], which assisted us in identifying any presence of our projects in these sensitive locations.

**EXPOSURE TO SENSITIVE LOCATIONS**




We leveraged the asset-level data that was used to conduct our physical climate risk assessment at the pilot.

According to findings from the IBAT analysis, 78% of the outstanding loan value of the subset of deals, based on the representative asset data we used, have no presence in sensitive areas.

In order to delve deeper into the implications of the projects that do have a presence in sensitive areas, we referenced those projects' pressures and dependencies. As described below, these pressures and dependencies are for general companies in these sectors; further analysis will be required to determine our specific borrowers' pressures and dependencies.

Forty percent of these projects are in sectors that have no high or very high pressures on ecosystem services; for the remainder, pressures were on disturbances (e.g., noise, light), emissions of GHG and emissions of toxic soil and water pollutants.

Each of the projects with a location in a sensitive area is in a sector that has at least one high or very high dependency, with the least having one and the most having five.

Our takeaway from this analysis is that in none of these projects are the companies putting high pressures on the ecosystem services on which they depend, based on sector-level analysis.

For those projects that are identified to be in sensitive areas, we intend to conduct a more in-depth assessment over the course of the year to identify impacts and potential mitigation measures.

Looking ahead, we plan to expand asset coverage to include the value chain and sourcing locations of our entire portfolio and assets.

### Limitation

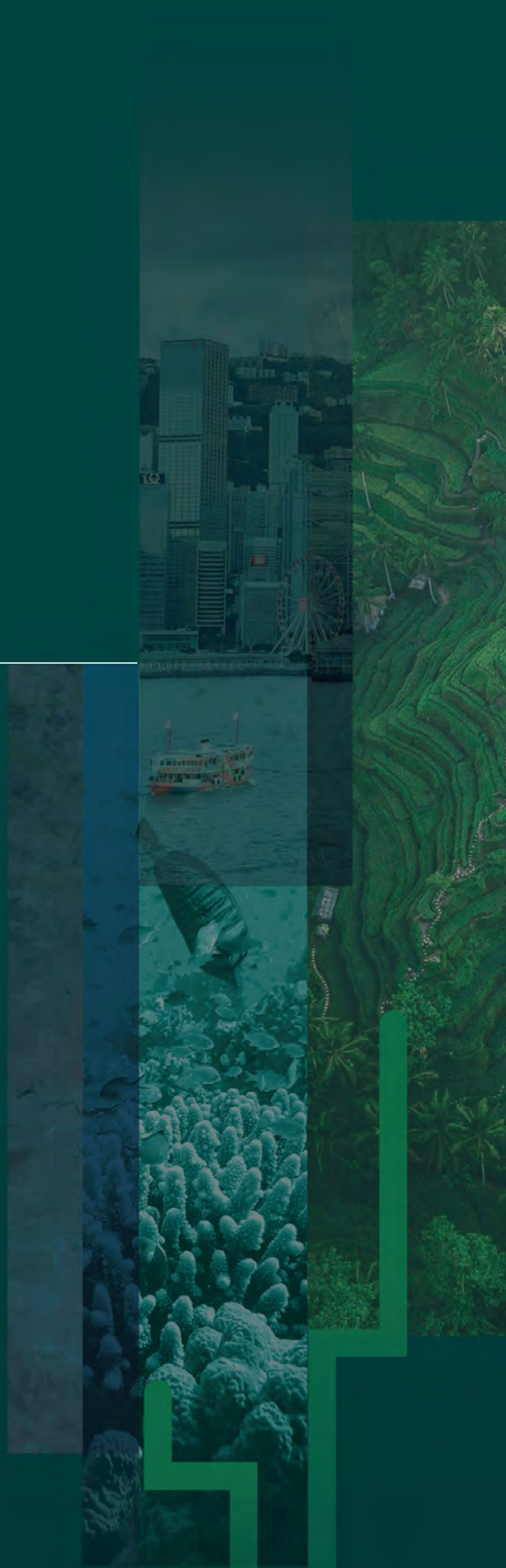
ENCORE makes explicit certain limitations of its approach. Key to using the tool is an understanding that it is generic, providing only potential impacts and dependencies to use as a preliminary assessment before conducting project-specific investigation.

However, this assessment remains beneficial in identifying a select group of companies that warrant further engagement and in-depth analysis, taking into consideration their location and supply chain. This can enhance our engagement efforts related to nature and help identify opportunities for driving positive outcomes.

51. IBAT allows for screening of areas of biodiversity importance using datasets such as the World Database of Protected Areas, the World Database on Key Biodiversity Areas, and the IUCN Red List of Threatened Species. These datasets are recommended by TNFD for assessing biodiversity importance within the LEAP approach. Layers selected in IBAT assessment included "Sites of Biodiversity Importance" and "Protected Areas".

# MANAGING SOCIAL RISK

We recognise that companies that prioritise diversity, inclusivity and respect for human rights generally outperform their competitors. We aim to deliver diversity of thought and uphold human rights standards across our firm and within our portfolio companies.



# DIVERSITY, EQUITY & INCLUSION

At ADM Capital, we recognise the value of diversity, equity and inclusion in the workplace. We believe that a team composed of various backgrounds enhances productivity, fosters innovative problem-solving and sparks creativity.

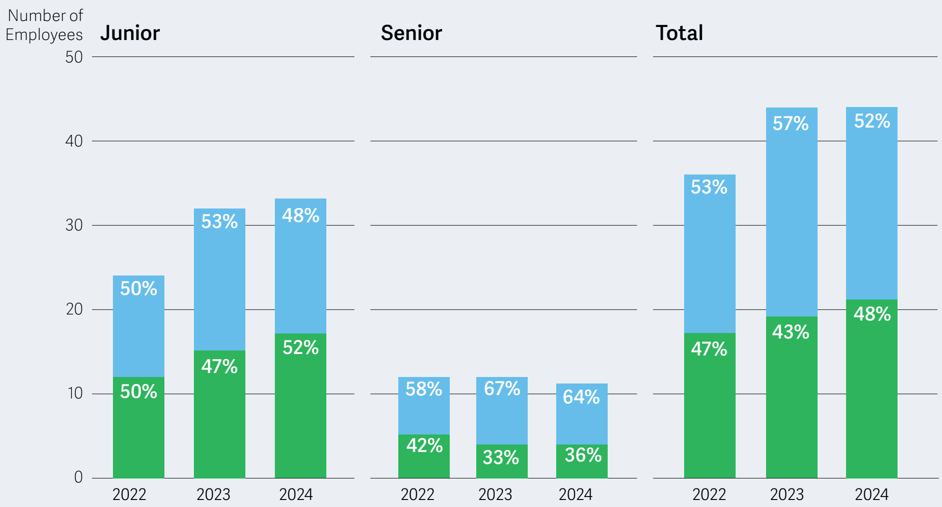
Our DEI Policy serves as a strategic imperative, demonstrating our commitment to not only keeping pace with regulatory and social changes but also to cultivating diversity of thought within ADM Capital and across our portfolio companies.

## Supporting DEI Within Our Workplace

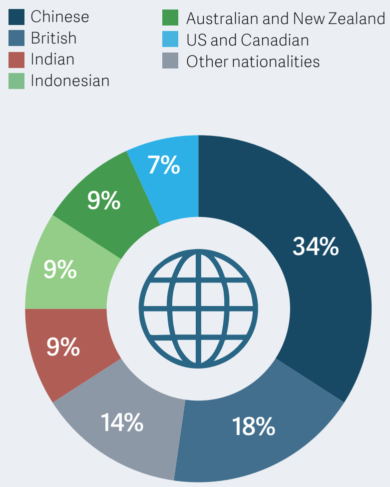
At the corporate level, we strive to build a diverse team with a variety of backgrounds through our recruitment and talent management efforts. We aim to align compensation with performance and achievements, while also fostering flexible working conditions as needed.

In addition, we facilitate specialised training and ongoing discussions on subjects like inclusive workplace culture and unconscious bias awareness, while also celebrating diversity through various events.

## EMPLOYEE BREAKDOWN BY GENDER AND SENIORITY




## EMPLOYEE BREAKDOWN BY NATIONALITY




## Integrating DEI Into Our Investments

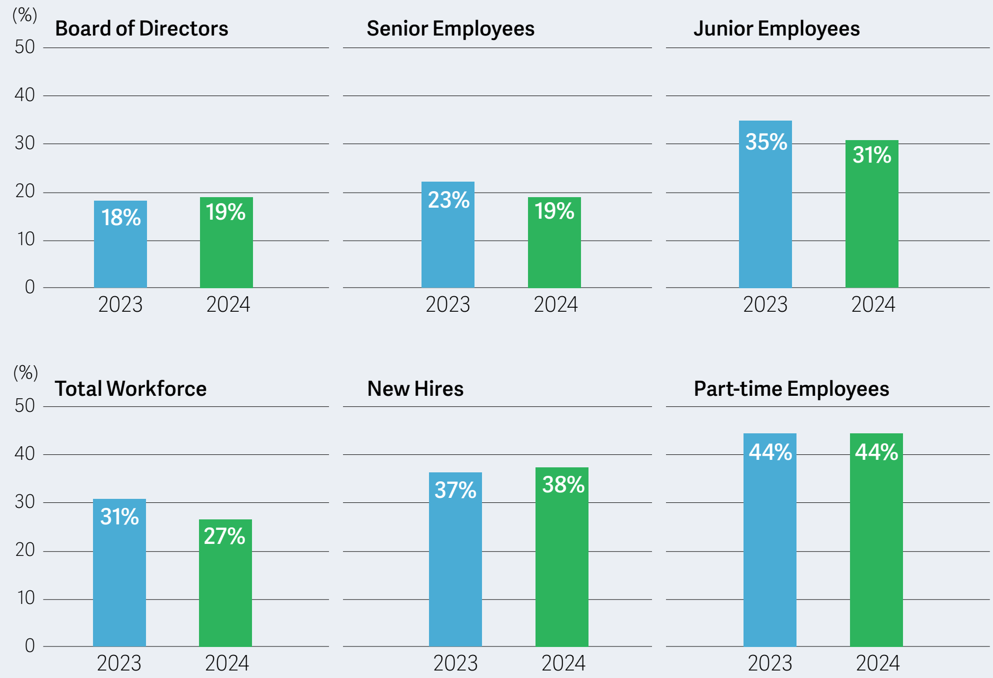
We incorporate DEI considerations into our ESG due diligence procedures and our stewardship and engagement activities.

Following ESG due diligence findings, ESAP items are developed by our third-party providers relating to DEI matters, where appropriate. This involves developing or improving policies to better address DEI and increasing staff awareness through training and guidance.

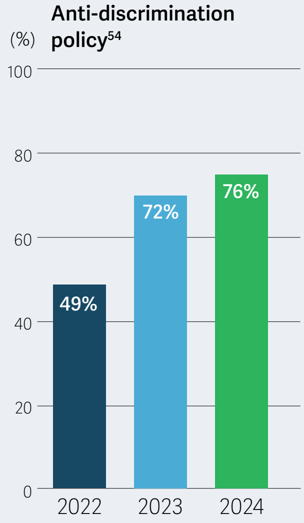
We also encourage and support our portfolio companies to adopt industry best practices by setting sustainability targets to guide DEI improvement in areas where relevant.

As part of our stewardship and engagement efforts, ADM Capital collaborates with portfolio companies to assist in implementing ESAP items and to discuss both planned and actual alignment with DEI considerations. We also engage with portfolio companies to collect ESG KPIs on a semi-annual basis, which includes DEI topics, in order to monitor and develop a better understanding of DEI practices, performance highlights and areas for further developments.

## FEMALE REPRESENTATION ACROSS OUR PORTFOLIO[52]




## PERCENTAGE OF REPORTING DEALS[53] WITH




## CASE STUDY

## Promoting Female Empowerment and Gender Equality through Business Activities

### Background

In 2023, ADM Capital financed one of India's leading children's animation studios that produces content for blue chip media customers both in India and internationally.

### Our Engagement Approach

Going beyond the completion of ESAP items that were developed to mitigate the risks identified during the ESG due diligence process, we also focused on collaborating with the borrower to implement sustainability initiatives that would unlock additional value.

Given that the company is an animation studio focused on children's content, we saw a unique opportunity to promote key sustainability messages. We established sustainability targets for the studio to broadcast media content on a media platform with positive messages in respect of:

**Female Empowerment and Gender Equality**

**Environmental Protection**

### Achievements

The studio has successfully developed pilot episodes featuring a female protagonist who champions the importance of education. They are currently seeking sponsorship to fund the full production, demonstrating a commitment to both storytelling and impactful messaging that aligns with their sustainability commitments.

### Statement from the Company

"Our ESG journey has been deeply shaped by ADM Capital's strategic insight and collaborative approach. Their guidance was pivotal in framing and implementing a range of ESG policies across our operations, embedding sustainability into our core processes. With their support, we transitioned to a more structured and accountable ESG framework, culminating in the adoption of the Dasseti platform. This powerful tool has enabled us to digitise our ESG reporting, making it more streamlined, transparent and data-driven. ADM Capital has been an invaluable partner in helping us build a resilient and responsible foundation to implement core ESG principles in our business."

52. These figures are a weighted average based on the proportion of outstanding loan value of each deal that reported relative to the total outstanding value of all deals that reported as at 31 December 2023 and 2024.
53. The percentage is calculated using the outstanding loan value of deals active as at 31 December 2022, 2023 and 2024 respectively, that had reported the corresponding ESG KPI.
54. Policies in place to support employment based only on merit or the inherent requirements of the job, eliminating discrimination based on race, colour, sex, religion, political opinion, national extraction, social origin, age, disability, HIV/AIDS status, trade union membership, and sexual orientation.

# HUMAN RIGHTS

We view protecting human rights as not only an ethical obligation but also a financially material topic that can potentially influence the long-term performance of companies. To this end, we recognise our responsibility to address human rights risks throughout both our operations and investment activities.

We are a signatory to the UNGC principles on Human Rights and Labour and respect international human rights principles aimed at promoting and protecting human rights.

As stated in our Anti-slavery and human trafficking policy, we have a zero-tolerance approach towards modern slavery in both our operations and those of our portfolio companies.

## Safeguarding Human Rights Within Our Workplace

At the corporate level, we provide a complaint and grievance mechanism for employees to raise any concerns regarding suspected modern slavery associated with ADM Capital. We organise training and workshops to further promote considerations of protecting human rights within our business.

## Managing Human Rights Risks in Our Investments

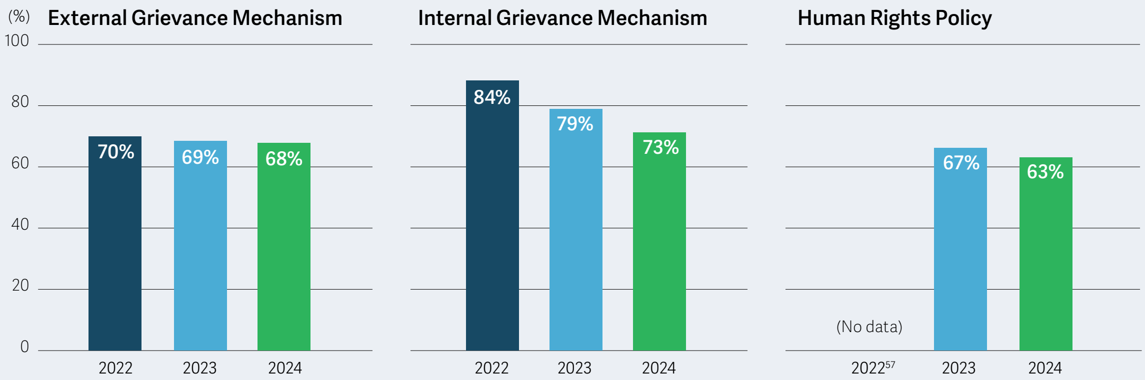
We are dedicated to combatting modern slavery and safeguarding human rights in our investment activities. This commitment is reflected in our integration of human rights and modern slavery considerations into our ESG processes, as well as our stewardship and engagement activities. Details can be found in our Sustainability Report 2023 page 48.

## Human Rights and Nature

Indigenous Peoples and local communities are stewards of more than one-third of the world's key biodiversity areas (KBAs).[55] Their invaluable traditional knowledge about the planet's ecosystems means they play a crucial role in efforts to halt and reverse nature loss. Indigenous Peoples' and local communities' close relationship with nature also makes them particularly vulnerable to adverse impacts from nature degradation and loss.

We have a responsibility, where relevant, to recognise and address human rights issues throughout our investment activities. We work with our borrowers to help ensure they undertake outreach and engagement with relevant stakeholders, including Indigenous Peoples and local communities.

## PERCENTAGE OF REPORTING DEALS[56] WITH




55. WWF, UNEP-WCMC, SGP/ICCA-GSI, LM, TNC, CI, WCS, EP, ILC-S, CM, IUCN. The State of Indigenous Peoples' and Local Communities' Lands and Territories: A technical review of the state of Indigenous Peoples' and Local Communities' lands, their contributions to global biodiversity conservation and ecosystem services, the pressures they face, and recommendations for actions. Gland, Switzerland (2021)
56. The percentage is calculated using the outstanding loan value of deals active as at 31 December 2022, 2023 and 2024 respectively, who had reported the corresponding ESG KPI.
57. This ESG KPI is a new metric introduced in 2023. Thus, data is not available for 2022.

CASE STUDY

## Managing Modern Slavery Risks in the Supply Chain with DiginexLUMEN

### Background

In February 2022, ADM Capital provided construction financing of a partially completed, 2-tower residence project in Manila, Philippines to a Philippine-based real estate development company.

### Our Engagement Approach

During the due diligence process, we identified a lack of information regarding the general contractor's employment terms, contractual obligations, and workers' wages and overtime. It became evident that the borrower's contractor did not have adequate oversight of human resources policies or compliance with local government standards concerning wages and benefits for its employees.

To address these issues, we collaborated with the borrower's Environmental, Health and Safety Team and a consultant to complete ESAP items in compliance with local labour codes. We also set a sustainability target for the company to engage its general contractor in conducting a modern slavery survey using DiginexLUMEN.

After receiving the survey results, we discussed the identified gaps and recommendations with the borrower, referencing the improvement actions developed by DiginexLUMEN. The borrower subsequently worked with the general contractor to implement several of these recommendations.

### Improvements Achieved by the General Contractor

- Developed a formal ethical recruitment policy for fair and responsible hiring
- Updated the employee handbook to require written consent for overtime and implemented log sheets to prevent excessive or involuntary overtime
- Revised the supplier code of conduct to enhance human and labour rights requirements
- Updated the company policy to affirm employees' rights to form and join labour unions
- Improved the grievance mechanism with a detailed process for raising and resolving issues, reducing risk of unresolved complaints.

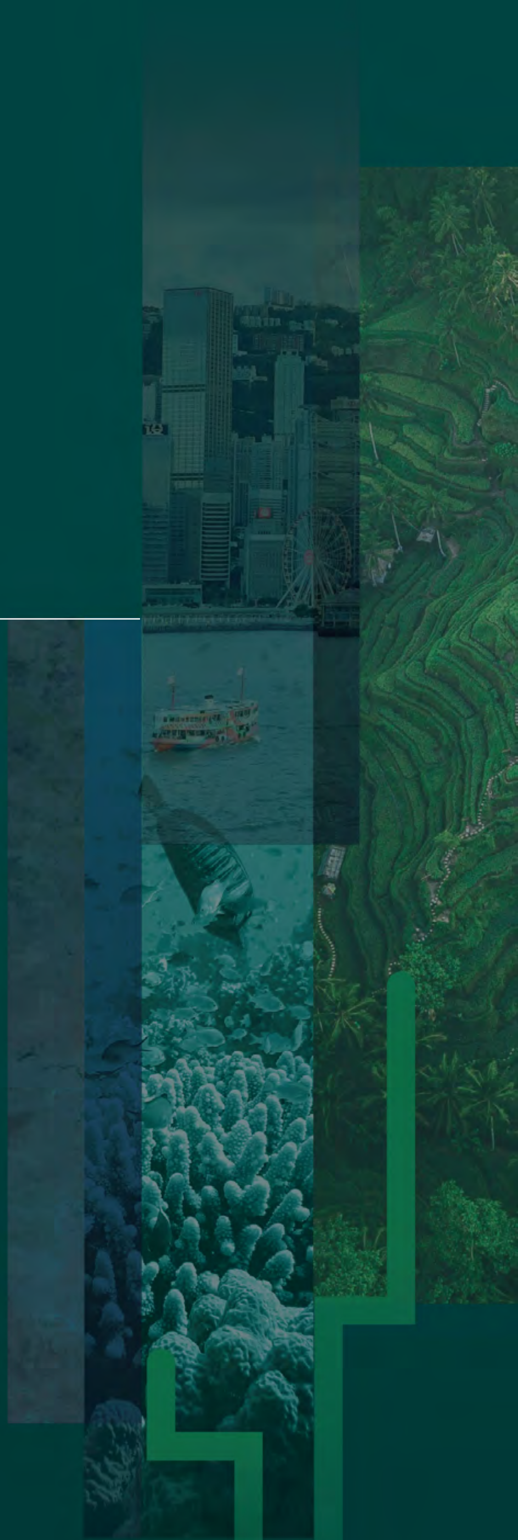
### Statement from the Company

"ADM Capital has been an exceptional partner in our sustainability journey. Their deep expertise and hands-on support helped us and our contractors adopt truly sustainable and practical improvements—transforming policies into good practices on the ground. From ethical recruitment to enhanced grievance systems, their proactive guidance and commitment to responsible business have been invaluable.

Our partnership with ADM Capital has been invaluable. It is a privilege and a catalyst for impactful, long-term change. ADM Capital's patience, dedication and genuine heart for both the people and the work have made a lasting impact. Through this partnership, we've learned to integrate these practices into our day-to-day operations, making sustainability not just a goal, but a way of working."

diginexLUMEN

# MANAGING GOVERNANCE RISK



We recognise that robust governance forms the foundation of long-term value creation and risk mitigation. By cultivating transparent decision-making, ethical business practices and accountable leadership, we aim to move beyond compliance and drive sustainable growth both for our in-house operations and portfolio companies.

## Responsible Business Practices Within Our Operations

We are dedicated to upholding strong ethical standards and responsible business practices. Our commitment is reinforced by our membership in the UNGC.

ADM Capital has a Compliance and Operations Manual along with a Code of Ethics (the "Compliance Manual" and the "Code") which describes ADM Capital's policies and procedures covering a wide range of activities, such as outside business activities, gifts and entertainment, political contributions and personal trading.

Each employee upon commencement of employment is required to sign the Initial Certification and Acknowledgement Form acknowledging that he or she has received a copy of the Code and certifying that he or she has read and understands the Compliance and Operations Manual and the Code. Failing to comply with the Code may lead to disciplinary actions.

### Raising Awareness

ADM Capital is committed to equipping its staff with the necessary training to uphold regulatory compliance and adhere to our internal business ethics policies and procedures. In 2024, we engaged a third-party consultant to conduct two comprehensive compliance training sessions for all employees. These sessions include a refresher on our Code of Ethics, regulatory updates and key topics such as information security and cybersecurity.

### Managing Concerns and Grievances

We are committed to avoiding malpractice in the workplace and remedying wrongdoing. We have a Whistleblower Policy stipulated in our employee handbook that states the procedures of reporting any violations of the Code. We encourage all employees to report any suspicious activities or potential breaches of the Manual and the Code. Clear reporting channels have been established to ensure that concerns are addressed promptly and effectively.

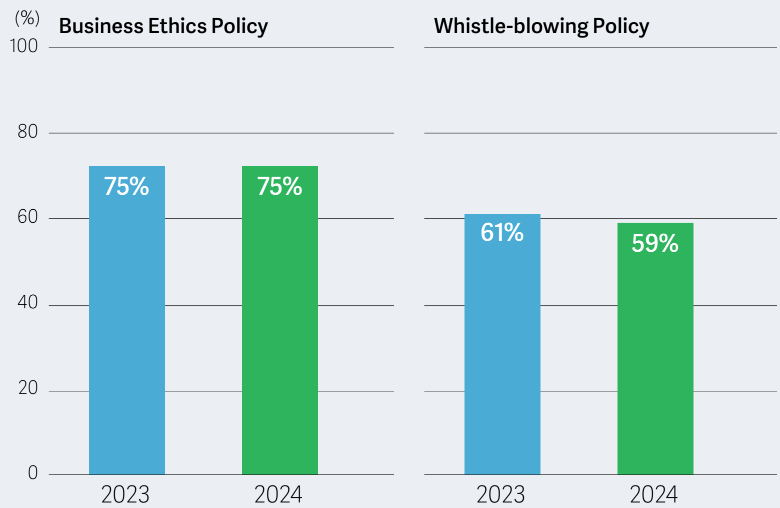
For other stakeholders, which refer to any lender, co-investor, borrower, service provider and/or any other person with connection with ADM Capital, we have a Grievance Mechanism established upon our Complaints Policy and Stewardship & Engagement Policy. A separate set of procedures is in place to receive, investigate and answer any grievances.

## Strengthening the Governance Practices of Our Portfolio Companies

### Ethical Business Practices

Our ESG policy stipulates our commitment to foster good corporate governance and ethical business practices and our ESMS supports our integration of governance factors into our investment process. We believe these practices will benefit local communities where we lend, as well as ultimately improve business efficiency and performance of the companies we finance so that we can attain maximum returns for our investors.

PERCENTAGE OF REPORTING DEALS[58] WITH



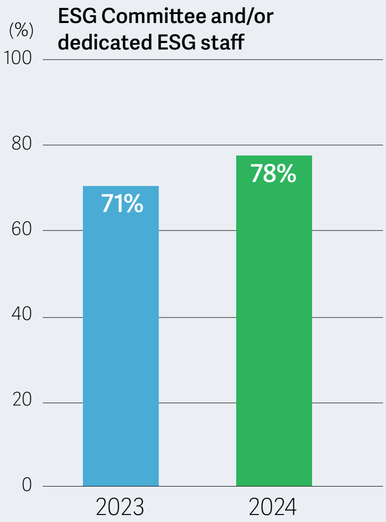

58. The percentage is calculated using the outstanding loan value of deals active as at 31 December 2023 and 2024 respectively, that had reported the corresponding ESG KPI.

| | |
|---|---|
| **Identify governance-related risks** | In the revamped Concept Note ESG Toolkit, pipeline deals will be assessed on their corporate governance practices against the Durch Entrepreneurial Development Bank (FMO)'s corporate governance questionnaire.<br><br>As part of our ESG due diligence prior to investing in any company, we evaluate potential governance risks and assess whether appropriate mitigation measures are established and effectively implemented. |
| **Mitigate governance-related risks identified** | Based on risks identified, ESAP items are developed with a focus on identifying, assessing and managing governance risks (e.g. establish an anti-bribery and corruption policy, develop a whistle-blower policy). |
| **Monitor management of governance-related risks** | We collect ESG KPI data on a semi-annual basis to capture governance-related risks and impacts (e.g. any ESG controversies/incidents or violations of ESG-related regulations). |

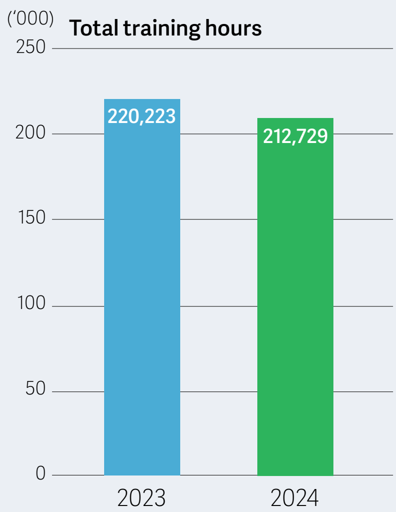
## Enhancing ESG Capacity & Competency

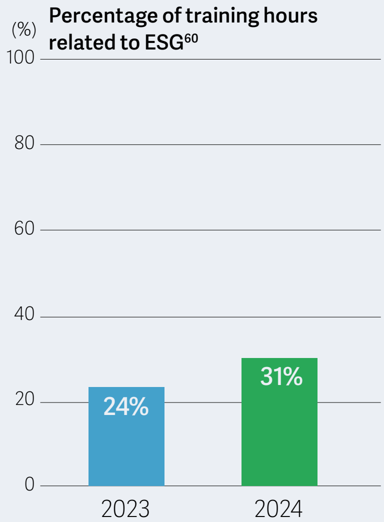
As SMEs, most of our portfolio companies are in the early stages of their sustainability journey and are in the process of building the capacity to manage ESG risks. The risks identified during the due diligence process are often new to them and the ESAP to mitigate risks identified require internal resources and knowledge for effective implementation. As part of the due diligence process, the consultant will also assess the organisation's ESG capacity and develop ESAP items based on each company's specific circumstances.

## PERCENTAGE OF REPORTING DEALS WITH[59]




## TRAINING DELIVERED BY REPORTING DEALS TO DIRECT EMPLOYEES




59. The percentage is calculated using the outstanding loan value of deals active as at 31 December 2023 and 2024 respectively, that had reported the corresponding ESG KPI.
60. This figure is a weighted average based on the proportion of outstanding loan value of each deal that reported relative to the total outstanding value of all deals that reported as at 31 December 2023 and 2024.

# LOOKING FORWARD

ADM Capital is dedicated to empowering SME borrowers as we navigate climate change and biodiversity loss challenges, as well as their impacts on local community. We commit to further our ESG processes through deploying relevant emerging technologies and engaging more actively with our portfolio companies to better manage ESG risks and opportunities.

As we celebrate the progress we've achieved, we remain transparent about the areas where enhancements are still needed.

We will continue to enhance our ESG risk management framework by adapting to evolving regulatory and market standards and integrating various tools to address emerging topics such as nature.

We remain committed to working with our portfolio companies and investment teams to account for financed emissions and identify decarbonisation opportunities. This effort will also support our commitment as a PCAF signatory to disclose a comprehensive greenhouse gas inventory by November 2026.

Our continuous focus on lending for urban and rural climate solutions can guide us in making impactful investments in sustainable urban development and agriculture within Asia Private Credit.

We will also continue our efforts to improve the ESG capacity of our employees through training and identifying ways to involve different teams, in particular, the investment team in the ESG integration process.

Having successfully migrated our ESG KPI data collection process to the Dasseti platform, we will focus on leveraging the collected data to enhance our data analytics in the coming year. This will enhance our ESG performance tracking and provide valuable insights, enabling more impactful and informed discussions.

In these unparalleled times, our dedication to managing risk through ESG integration is more vital than ever. We remain committed to being an industry leader in ESG integration and fostering a more sustainable and resilient future.

## KEY INITIATIVES TO ADVANCE OUR ESG STRATEGY

**ESG data analytics**

Strengthen data analytics on Dasseti to enhance our ESG performance tracking and provide valuable insights to facilitate more impactful and informed discussions

**Enhance ESG collaboration across Teams**

Continue to provide training and collaborate with various teams to deepen their involvement in the ESG integration process

**Prepare for PCAF reporting**

Assess the GHG emissions of our financial activities in line with the PCAF standard

**Managing nature-related issues**

Strengthen our nature-related strategy to better manage nature-related risks and opportunities in alignment with the TNFD recommendations

**Thematic strategies**

Continue to develop our thematic strategies to address APAC's most pressing environmental and social challenges

# APPENDIX

## TCFD Content Guide

| | Recommended Disclosures | Relevant Section and Remarks |
|---|---|---|
| **Governance** | | |
| Disclose the organisation's governance around climate-related risks and opportunities | a) Describe the board's oversight of climate-related risks and opportunities. | Sustainability Governance, page 13 |
| | b) Describe management's role in assessing and managing climate-related risks and opportunities. | Sustainability Governance, page 13 |
| **Strategy** | | |
| Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material. | a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | Identifying and Managing Climate Risks in Our Investments, page 26-34 |
| | b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | Physical Risk, page 26-31<br>Transition Risk, page 32-35 |
| | c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | Physical Risk, page 26-31 |
| **Risk Management** | | |
| Disclose how the organisation identifies, assesses, and manages climate-related risks. | a) Describe the organisation's processes for identifying and assessing climate-related risks. | Identifying and Managing Climate Risks in Our Investments, page 26-34 |
| | b) Describe the organisation's processes for managing climate-related risks. | Identifying and Managing Climate Risks in Our Investments, page 26-34 |
| | c) Describe how processes for identifying, assessing, and managing climate-related risks and integrated into the organisation's overall risk management. | Our ESG Risk Management Approach, page 11-15 |
| **Metrics & Targets** | | |
| Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | Physical Risk – Portfolio level, page 30-32<br>Our Carbon Footprint, page 36-40 |
| | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | Our Carbon Footprint, page 36-40 |
| | c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | Challenges in Setting a Net Zero Target, page 35 |

# TNFD Content Guide

| | Recommended Disclosures | Relevant Section and Remarks |
|---|---|---|
| **Governance** | | |
| Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities | a) Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities. | Sustainability Governance, page 13 |
| | b) Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities. | Sustainability Governance, page 13 |
| | c) Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities. | Human Rights, page 48 |
| **Strategy** | | |
| Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material. | a) Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term. | Identifying and Managing Nature-related Issues in Our Investments, page 42-44 |
| | b) Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place. | Our ESG Strategy, page 10-16 |
| | c) Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios. | At this stage, we have yet to conduct scenario analysis. We will continue exploring ways to address this and endeavour to include in future reports. |
| | d) Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations. | Identifying and Managing Nature-Related Issues in our Investments, page 42-44 |
| **Risk Management** | | |
| Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities. | a) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. (ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s). | Identifying and Managing Nature-related Issues in Our Investments, page 42-44 |
| | b) Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities. | Identifying and Managing Nature-related Issues in Our Investments, page 42-44 |
| | c) Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes. | Our ESG Risk Management Approach, page 11-15 |
| **Metrics & Targets** | | |
| Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities. | a) Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process. | Identifying and Managing Nature-related Issues in Our Investments, page 42-44 |
| | b) Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature. | Identifying and Managing Nature-related Issues in Our Investments, page 42-44 |
| | c) Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these. | At this stage, we are working to collect baseline data to evaluate nature-related dependencies and impacts. We intend to begin setting targets and goals after completion of a baselining exercise and will endeavour to include in future reports. |

## TNFD General Disclosure Requirements

| General Disclosure Requirement | Recommended Disclosures | Relevant Section and Remarks |
|---|---|---|
| **Application of materiality** | The organisation should state the materiality approach taken. The TNFD recommends use of the ISSB's definition of material information as a baseline. | We use financial materiality in this report. We adopt ISSB's definition of material information: that which could be reasonably expected to influence investor decisions if it were omitted, obscured, or misstated.[61]<br><br>For the sector-level nature assessment, we rely on ENCORE's definition of materiality. ENCORE uses sector research and expert interviews to determine materiality on a six-point scale.[62] |
| **Scope of disclosures** | The organisation should describe the scope of its nature-related assessment and disclosures and the process followed in determining that scope. | We include both our own operations and those of our borrowers, given that as a financial institution, the majority of our nature and climate-based impacts take place at the borrower level as financed impacts.<br><br>In future disclosures, we intend to cover a larger portion of our portfolio, include more data and analysis of borrowers' specific impacts and dependencies and include consideration of borrowers' value chains. |
| **Location of nature-related issues** | The organisation should consider the geographic location of its interfaces with nature. | Our own operations are limited to our physical office in Hong Kong. Given the nature of our business operations, most of our interface with nature is via the locations and operations of our borrowers. Identifying the often multiple locations of our borrowers' operations is a work in progress. For this report, we have leveraged the asset-level data collected for climate risk assessment. In future iterations, we intend to improve geographic precision and comprehensiveness. |
| **Integration with other sustainability-related disclosures** | Nature-related disclosures should be integrated with climate-related disclosures and other sustainability-related disclosures. | This sustainability report integrates the recommendations of the TNFD, addressing specific climate and nature facets. Where information is consistent with other disclosures, such as previous reports, these other resources have been referenced.<br>Specific definitions of long, medium, and short-term timelines for nature align with those used in previous climate-based reporting: short-term time horizon is the period until 2030, medium-term is between 2030 and 2050, and long-term is 2050-2100. |
| **The time horizons considered** | The organisation should describe relevant short, medium and long term time horizons in the context of its assets and operations, keeping in mind that nature-related risks and opportunities do not often manifest in the short term. | Specific definitions of long, medium, and short-term timelines for nature align with those used in previous climate-based reporting: short-term time horizon is the period until 2030, medium-term is between 2030 and 2050, and long-term is 2050-2100. |
| **Engagement with Indigenous Peoples, Local Communities and Affected Stakeholders** | The organisation should describe its process for engaging indigenous and local communities and other affected stakeholders. | We work with our borrowers to ensure that the rights of local stakeholders are considered in their operations. Please see the Human Rights section for more information. |

61. IFRS. (2024). IFRS - ISSB: Frequently Asked Questions. https://www.ifrs.org/groups/international-sustainability-standards-board/issb-frequently-asked-questions/
62. Please see the section "Nature-Related Assessment Results at the Portfolio Level" for further discussion on ENCORE's materiality approach. ENCORE. (n.d.). Materiality. https://encorenature.org/en/data-and-methodology/materiality

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