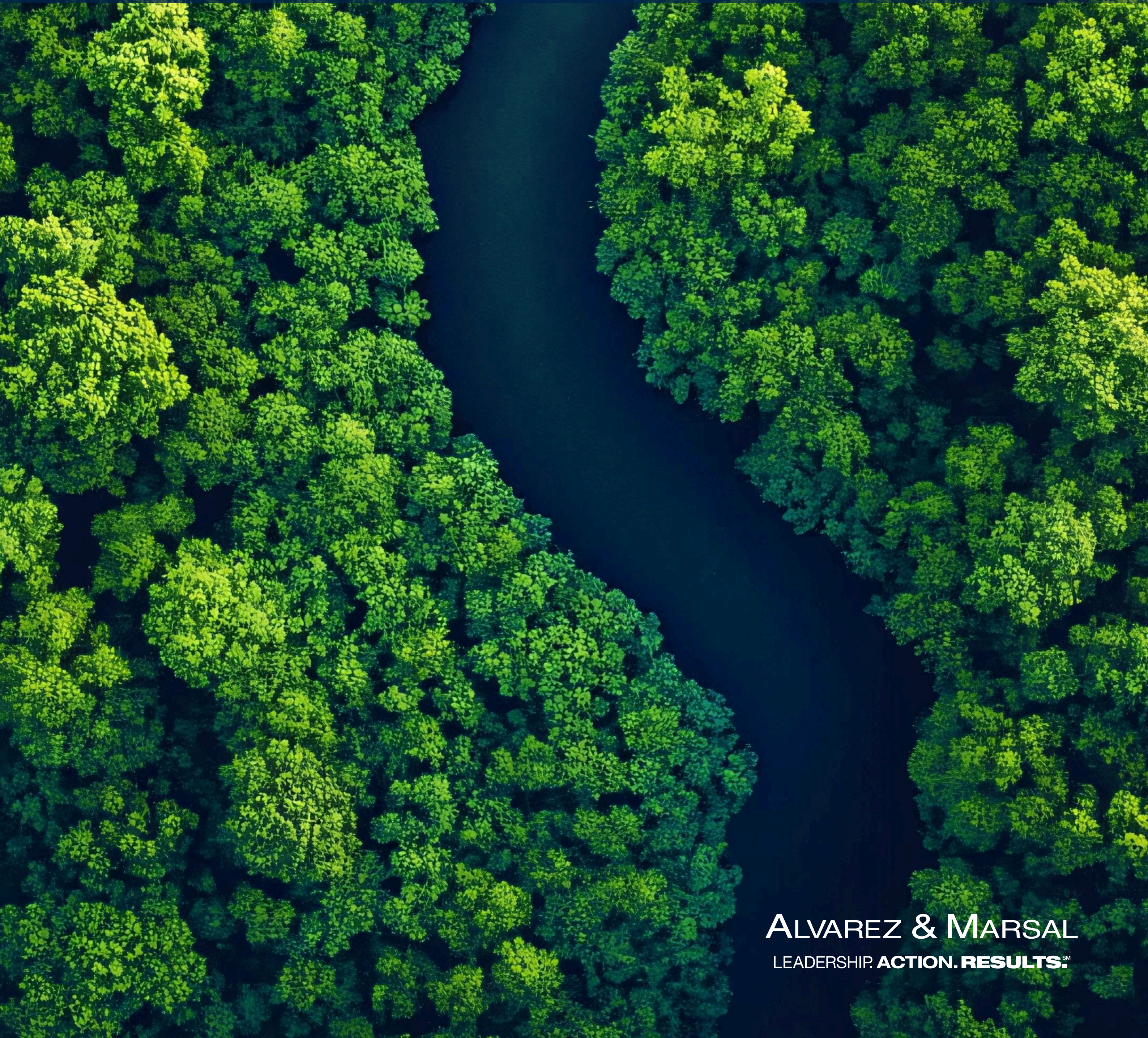
Singapore Venture and Private Capital Association

ESG VALUE CREATION OPPORTUNITIES FOR PRIVATE CAPITAL IN SOUTHEAST ASIA AND INDIA SURVEY 2024



ALVAREZ & MARSAL

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Disclaimer: This document relies on the results of a survey carried out by A&M in collaboration with SVCA, titled 'A&M ESG Value Creation Survey 2024'. The main purpose of this report is to present ESG-related insights for private capital funds targeting investments in Southeast Asia and India. The survey was conducted over six weeks with a sample of 28 funds including private equity, venture capital and sovereign wealth funds that primarily focus on investments in Southeast Asia and India. All data points are derived from the survey results unless otherwise noted.

Executive Summary

The importance of the Environmental, Social and Governance (ESG) framework has grown in Southeast Asia and India. As countries increasingly face the impact of climate risks, governments make regulations on ESG disclosures more onerous, and consumer sentiments shift towards sustainability. For sovereign wealth, private equity and venture capital funds (Funds), ESG is no longer just about risk mitigation — it presents substantial value creation opportunities as well. This report, based on the SVCA A&M ESG Value Creation Survey 2024, provides key insights into the consensus around ESG, the key challenges and a practical framework for how Funds and portfolio companies can drive value creation based on ESG initiatives. Most surveys and studies over the past five years have focused primarily on trends in Europe and North America. This paper presents findings from one of the first comprehensive surveys on ESG value creation covering Funds in Southeast Asia (SEA) and India.

Consensus

- Funds in SEA and India prioritize ESG, with a stronger emphasis on 'S'
- 93 percent of respondents almost always integrate ESG into their pre-acquisition due diligence process
- 96 percent of surveyed respondents believe that post-acquisition ESG can generate tangible and intangible value within portfolio companies
- Today, 75 percent of the respondents are open to paying extra for companies with positive ESG track record, however, most (57 percent of total) are only willing to pay a modest premium

Challenges

Despite this consensus, Funds and portfolio companies face challenges in measuring and implementing ESG initiatives due to:

- Lack of standardized data
- Inability to directly link ESG initiatives to financial outcomes
- Lack of expertise within the portfolio company management team
- Resistance from portfolio companies
- Variance between investment time horizon and return on investment (ROI) horizon

Bridging the Gap

To bridge the gap between ESG levers' value creation potential and securing higher premiums on exit, Funds and portfolio companies can look to embrace the following:

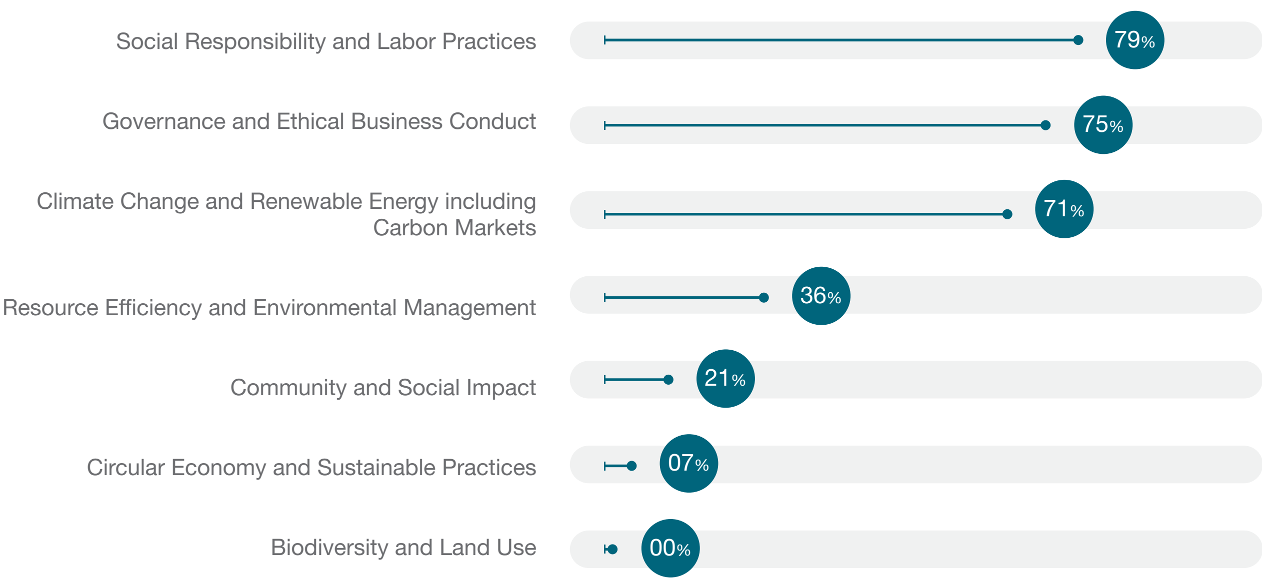
- Recognize that one size does not fit all: When developing the post-acquisition integrated performance improvement plan, the portfolio company should focus on 2-3 relevant ESG levers that together with the operating levers will drive financial performance
- Measure ESG key performance indicators (KPIs) as rigorously as financial and operational KPIs and link them to financial outcomes
- Develop roadmaps, cross-functional key result areas (KRAs) and set up a governance structure to ensure seamless implementation.

Our key findings

1 Funds in SEA and India prioritize ESG, with a stronger emphasis on 'S': the main ESG concern for respondents is **social responsibility and labor practices**, followed by **governance and ethical business conduct**, then **climate change and renewable energy**. Effective governance in portfolio companies is considered a hygiene factor to enable value creation and successful exits.

The emphasis on social responsibility and labor practices in this region stands in contrast to the priorities of EU and North America-focused Funds, which based on our observations, prioritize climate change above all else. Social responsibility and labor practices rank high because approximately 45 percent of the industries by GDP in Southeast Asia and India are labor-intensive (such as mining, manufacturing, garments, textiles, and agriculture) and are more prone to non-compliance issues. Industries such as garments and textiles in particular are exposed to social risks – with labor and human rights violations, gender discrimination, physical abuse and wage theft being reported in developing countries. The mining industry has also been highlighted for poor working conditions and major safety lapses that have resulted in multiple deaths.

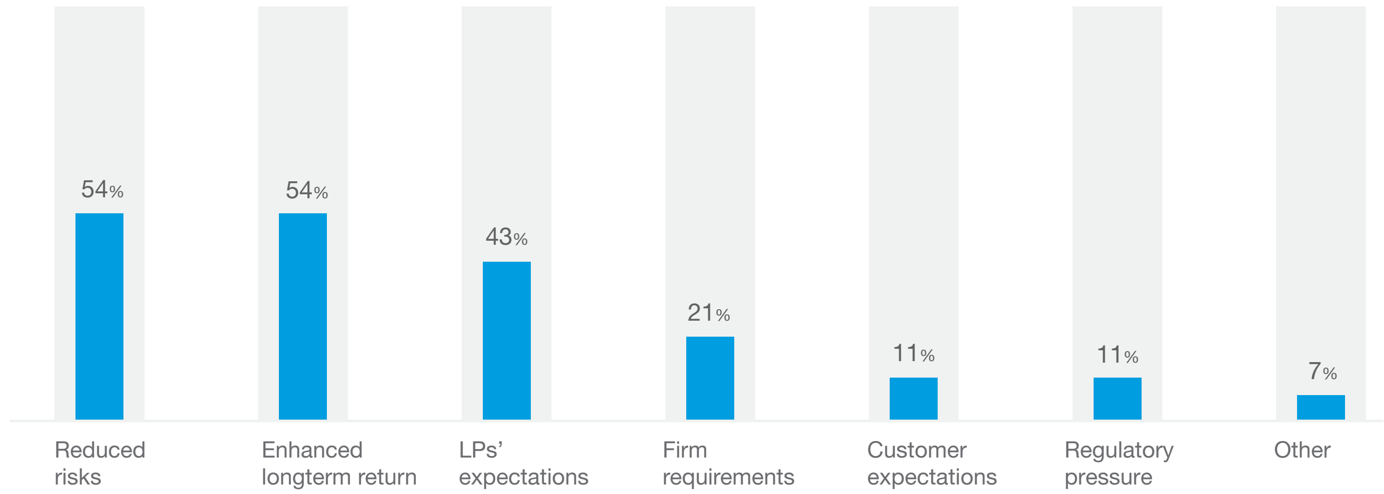
Top ESG priorities for Funds
(Multiple choice: maximum of three selections)



Source: A&M ESG Value Creation Survey 2024

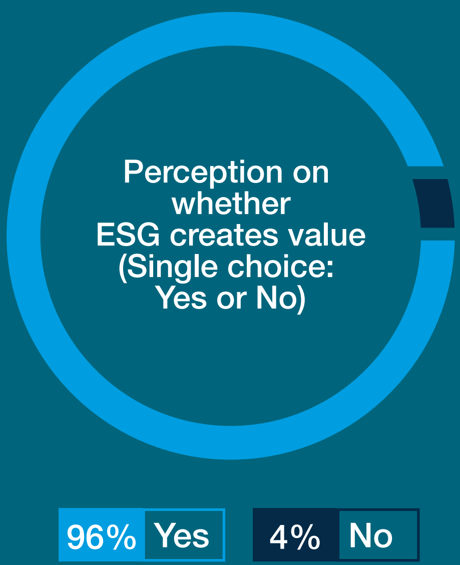
2 ESG is essential to the pre-acquisition due diligence process in Southeast Asia and India: 93 percent of participants include ESG as a key element in nearly every due diligence. The main goal is to pinpoint and reduce short- to medium-term risks while identifying opportunities for long-term ESG value creation drivers during the investment holding period. It is noteworthy that respondents highlighted that enhancing long-term returns with ESG is as important as risk management when conducting ESG due diligence.

Drivers for incorporating ESG factors in due diligence (Multiple choice: maximum of two selections)

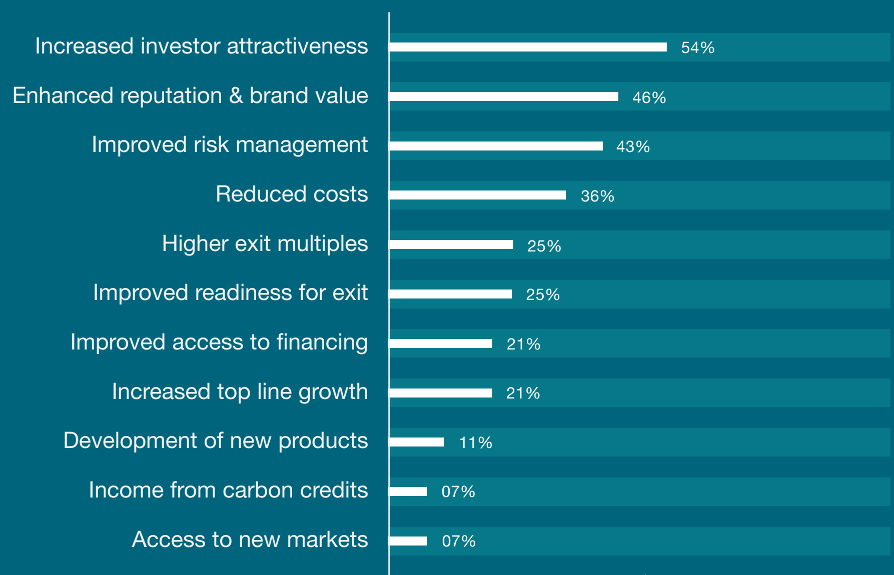


Source: A&M ESG Value Creation Survey 2024

3 There is a growing consensus among firms that ESG can generate value post-acquisition: among respondents, 96 percent of Funds believe ESG can create both tangible and intangible value. The top five perceived drivers are **1) investor attractiveness; 2) enhanced reputation and brand value; 3) improved risk management; 4) cost reduction; and 5) higher exit multiples.** Additionally, ESG is viewed as crucial for **revenue enhancement** and **better access to financing.**



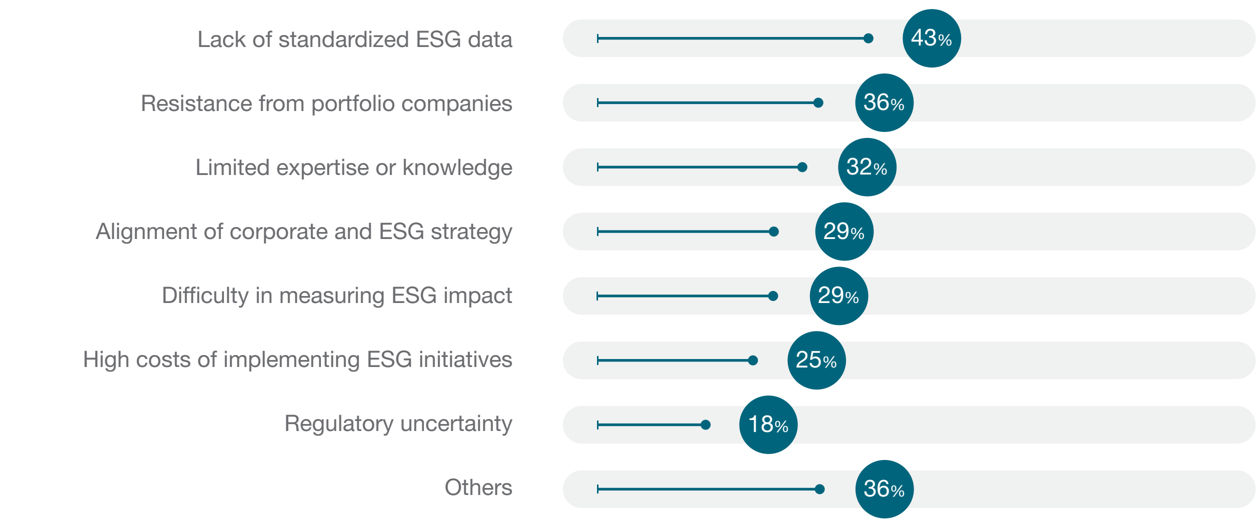
Top drivers for ESG value creation (Multiple choice: maximum of three selections)



4 However, Funds have concerns regarding ESG implementation and reporting:

a) Funds face multiple challenges while implementing ESG initiatives: the main issues include **1) lack of standardized ESG data; 2) resistance from portfolio companies** and **3) limited expertise or knowledge of implementation.** Additionally, ESG and corporate strategies are often not aligned.

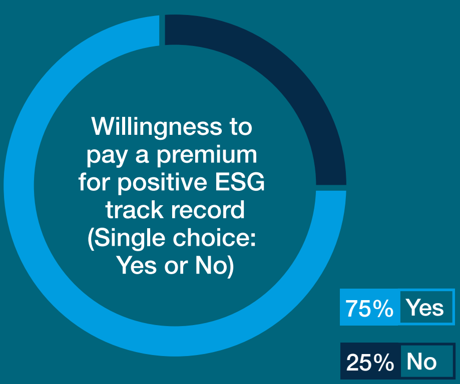
Challenges faced while implementing ESG initiatives (Multiple choice: maximum of three selections)

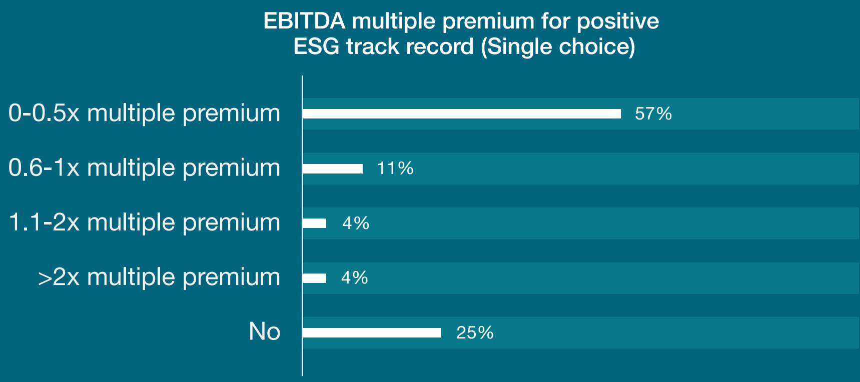


Source: A&M ESG Value Creation Survey 2024

b) Funds also find that their portfolio companies have trouble reporting ESG metrics: just 7 percent of respondents believe that their portfolio companies are well-prepared to report on ESG metrics, compared to 40 percent of US Funds[1].

5 Hence, although most respondents surveyed (75 percent) in SEA and India are open to **paying extra for companies with positive ESG track records, today the additional amount is modest.** 57 percent of surveyed Funds are willing to **pay only up to an extra 0.5x EBITDA multiple premium** (for reference, most private capital assets are traded at anywhere between 5x and 20x EBITDA).





Source: A&M ESG Value Creation Survey 2024

Therefore, there is a potential disconnect between expectations that ESG initiatives can significantly contribute to value creation during the investment period and the readiness of Funds to pay a sizeable premium on account of ESG performance. This can be attributed to a number of factors including; (a) the Funds need to acquire companies at an optimal valuation and (b) addressing the challenges of measuring and implementing ESG initiatives.

[1]A&M Private Equity's ESG Journey 2023

Challenges

Based on the survey results and the follow up discussions and workshop held by SVCA and A&M on empowering value creation through ESG, the following key challenges were highlighted:

a. **Lack of standardized data:** The lack of standardized ESG data and the myriad of reporting standards creates confusion around which key performance indicators (KPIs) to measure. Furthermore, different industries have unique ESG material topics and KPIs, adding to the challenge for Funds and portfolio companies in defining and measuring relevant industry-specific ESG KPIs. This is further compounded by each limited partner (LP) having their own requirement for ESG reporting. Hence, fund managers with several institutional LPs face the unenviable task of monitoring different KPIs and reporting according to multiple different formats.

b. **Inability to directly link ESG initiatives to financial outcomes:** Investors are convinced that improving ESG metrics of portfolio companies does increase portfolio attractiveness. Fifty four percent of respondents included this as a major driver, making it the top motivator for ESG value creation. While in some instances, it is easy to quantify the increased revenue from a new line of sustainable products or the cost savings from reducing energy or water usage, it is often difficult to directly or indirectly attribute specific ESG improvements to financial performance. For example, it is difficult to pinpoint the revenue enhancement contribution due to a portfolio company's ability to attract the best talent based on its reputation and brand image. It is also noted that based on International Private Equity & Venture Capital Valuation Guidelines (IPEV Dec 2022), measurable ESG factors (risks and opportunities) are to be included in projected cashflows, though it is not obligatory for the Funds to separately identify them. Thus, successful implementation of ESG initiatives may have already resulted in higher EBITDA figures, which may help explain managers' reluctance to further increase EBITDA multiples in their valuation.

c. **Lack of expertise within portfolio company management team:** Given their size and focus, most portfolio companies do not have dedicated ESG professionals. However, with Funds increasingly hiring inhouse staff dedicated to working with the portfolio companies to integrate ESG throughout the portfolio investment process from due diligence to post-investment monitoring and value creation to exit, this is likely to improve significantly. Fund professionals and portfolio company management team members can also take advantage of ongoing capacity building initiatives such as masterclasses, professional development courses and ESG peer networks facilitated by organizations such as the SVCA.

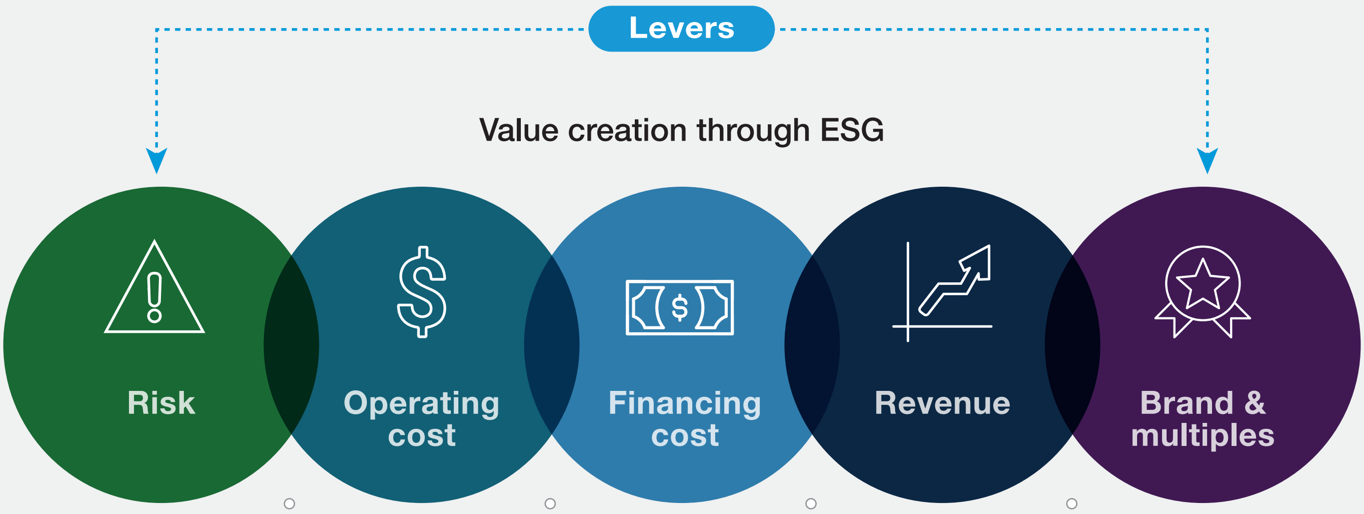
d. **Resistance from portfolio companies:** Management teams often have limited awareness of the value created by incorporating ESG drivers at the outset of the investment period. In a situation of limited management bandwidth available, ESG drivers are not perceived as a top priority for driving growth.

e. **Variance between investment time horizon and ROI horizon:** ESG initiatives can take a mid- to long-term horizon to bear fruit. For example, tangible benefits of decarbonization initiatives often accrue over a longer period beyond the investment time horizon of 5-10 years. Given the nascency of carbon market regulations leading to a lack of price discovery for carbon, firms face difficulty in measuring the success of their decarbonization efforts – or reap financial benefits from a low-carbon portfolio company within the investment time horizon of 5-7 years.

Bridging the gap

Despite the challenges outlined above, bridging the gap is critical as ESG can be a new key contributor to higher alpha. We believe that now is the time for Funds and their portfolio companies to not only act responsibly but also generate financial value through ESG. To achieve this, firms should identify how ESG can add value, such as creating new revenue streams, avoiding costs, cutting costs, or securing cheaper financing. There is a wide variety of ESG levers available to a portfolio company to drive value creation.

Levers driving ESG value creation



Risk mitigation via:

- Regulatory compliance
- Transition risk management (Corporate Sustainability Due Diligence Directive, Carbon Border Adjustment Mechanism, etc.)
- Preparedness for physical climate risk and supply chain resilience to systemic risks
- Social stability (labor practices)
- Strong governance
- Insurance coverage and ESG reporting to lower premiums

Operating cost reduction via:

- Shift to alternate sustainable raw material, fuel and energy (renewable sources)
- Energy efficiency - asset upgrade, relocation/footprint consolidation
- Material/resource efficiency - product value engineering
- Fuel efficiency - route optimization, fleet change
- Waste reduction – kaizen, circular economy

Financing cost reduction via:

- Gaining access to green bonds and sustainability-linked loans at lower interest rates

Revenue enhancement via:

- Ancillary revenue from sale of sustainable products
- Building customer loyalty

Brand building and multiples expansion via:

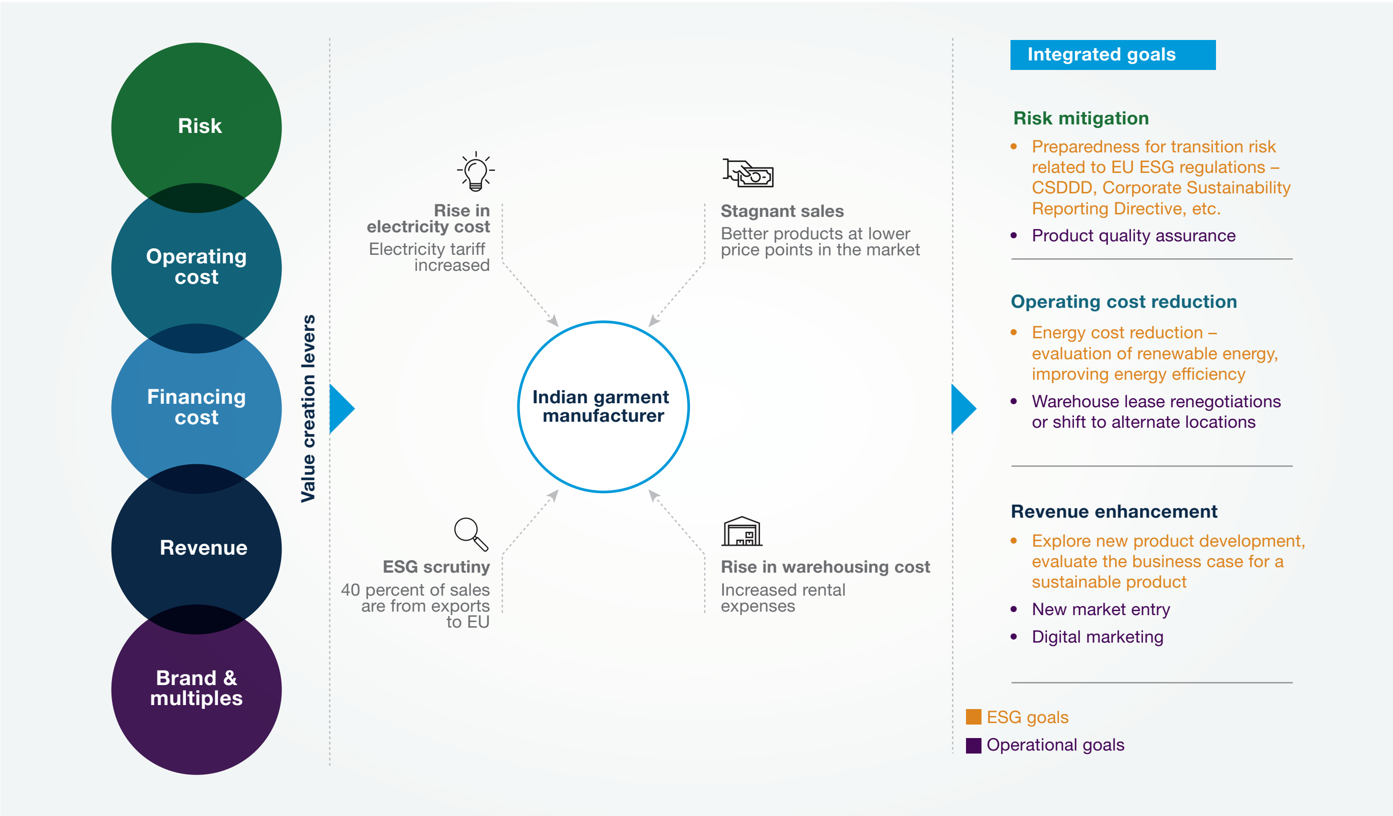
- ESG reporting based on recognized metrics
- Proactive and honest communication on ESG initiatives, avoiding green washing
- ESG and corporate social responsibility (CSR) activities to drive customer loyalty
- Global recognitions & award such as Responsible Business Awards

How can Funds and portfolio companies bridge the gap?

- Recognize that one size does not fit all: when developing the post-acquisition integrated performance improvement plan, the portfolio company should focus on 2-3 relevant ESG levers that together with the operating levers will drive financial performance
- Measure ESG KPIs and link them to financial outcomes
- Develop roadmaps, cross-functional KRAs and set up a governance structure to ensure seamless implementation

Recognize that one size does not fit all

Post-acquisition integrated performance improvement plans should focus on 2-3 relevant ESG levers that together with 4-5 operating levers will drive financial performance. Companies should evaluate the ESG levers based on overall strategy, business needs, risks, and regulatory pressures to identify relevant focus areas. Furthermore, portfolio companies need to embed the operating and ESG levers into their strategy and annual operating plan. Tailored ESG initiatives specific to each industry and portfolio company yield better results than using the same approach across different companies. This is illustrated in the following chart, based on the example of an Indian garment manufacturer:



Measure ESG KPIs and link them to financial outcomes

First, it is important to determine what the right KPIs to be measured for each ESG lever are. Second, it is important to understand whether there is a direct or indirect link to financial outcomes. When there is a direct causal link, measurement of the impact of the ESG lever can be directly attributed to increase in revenues, EBITDA, net profit or avoided costs. However, if there is an indirect link, then it will be important to understand the co-relation in improvement in the ESG KPIs to the relevant financial metric. For example, given the Indian garment manufacturer above:

a. Driving preparedness for transition risk related to EU ESG regulations such as the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) will result in reduction in fines and penalties and will ensure that the company can continue to serve its European clients. In essence, there would be a direct impact on non-operating cost and indirect impact on sales.

b. Energy cost reduction, evaluation of renewable energy and improving energy efficiency in the garment manufacturer's operations will directly impact its operational expenses in terms of energy costs. Furthermore, depending on how the company procures renewable energy (captive or third-party model), there may be an upfront capex cost to be accounted for as well.

c. Exploring new product development and evaluating the business case for a sustainable product will have a direct impact on revenues from new product sales, direct impact on operational expenses for making the new product and, very likely, a direct impact on incremental capex required to manufacture the new sustainable product.

Below are illustrative examples of the various ESG levers with related impact on financial outcomes together with case studies to show how companies can mitigate risk, reduce operating cost, reduce cost of capital, increase revenues and enhance brands and exit multiples.

Mitigating Risk

Example initiatives (not exhaustive)	Functions involved	Examples of indicators/ metrics that can be used	Illustrative impact assessment
Preparedness for transition risk related to ESG regulations, i.e., CBAM, CSDDD, etc.	• Internal compliance & legal • Manufacturing • Procurement • Distribution & logistics • Quality assurance	• Regulation checklist adherence (%) • Annual fines/penalties paid (USD) • Loss of business due to non-compliance (USD)	• Direct impact on non operating costs (fines/penalties) • Indirect impact on sales (potential loss of business)
Preparedness for physical climate risk for own operations and on third-party vendors (suppliers, logistic partners, etc.)	• Manufacturing • Procurement • Preparedness for physical climate risk for own operations and on third-party • vendors (suppliers, logistic partners, etc.) • Distribution & logistics • Finance & accounting • Research & Development	• Location-specific climate risk analysis and mitigation • Climate adaptation measures taken for operations • Business continuity plan accounts for climate risk % of key suppliers susceptible to climate risk • Number of alternative suppliers identified and assessed	• Indirect impact on sales (loss of business) • Direct impact on opex (eg: sourcing raw materials at higher cost due to disruptions) • Direct impact on capex (e.g.: relocation, infrastructure development for adaptation)
Compliance with human rights directives and prevention of child labor and modern slavery	• Across all core and support functions	• Number of violations across own operations • Number of violations committed by third-party vendors • Number complaints reported vs. resolved in a year • Wages paid to females as a % of total wages paid	• Indirect impact on sales (loss of business)

There are numerous instances where organizations are taking actions to mitigate future ESG risks such as hedging against future carbon price changes or safeguarding against present and forthcoming climate, environmental and social risks. For example, a leading global metals and mining company engaged A&M to perform comprehensive due diligence covering its critical business partners (suppliers and customers). These evaluations include detailed risk assessments of each business partner with a primary focus on environmental, social and governance concerns. A&M has delivered interactive dashboards and heat maps covering the company's global supply chain, enabling the client to take proactive measures to mitigate uncovered risks. A leading Australian retailer utilized A&M support to perform comprehensive climate risk assessments across its seven locations. These evaluations included detailed recommendations for enhanced oversight, precise risk quantification, and quantifications of potential climate-related impacts on its operations. Assessment at one of the seven sites indicated approximately USD 4.6 million revenue at risk due to climate hazards in the short term.

Reducing operating cost

Example initiatives (not exhaustive)	Functions involved	Examples of indicators/ metrics that can be used	Illustrative impact assessment
Transition to renewable energy	• Manufacturing • Procurement	• Total energy consumed (kWh) • Energy cost (USD) • % of energy consumed from renewable sources • Scope 1 and Scope 2 emissions (CO_2e emissions in MT) • Emission intensity - Scope 1+2 emissions/ production (MT/MT) • Investment required for transition to renewable (USD)	• Direct impact on opex (energy costs) • Direct impact on capex (renewable infrastructure)
Fuel efficiency through route optimization and fleet change	• Distribution & logistics • Procurement	• Fuel consumed per 100 kms (KL/KM) • Total cost of fuel (USD) • Scope 1+2 emissions (CO_2e emissions in MT) • Capex for fuel efficiency (USD)	• Direct impact on opex (energy costs) • Direct impact on capex (fleet change/upgrade)
Product value engineering for raw material usage efficiency and raw materials sustainability	• Manufacturing • Quality assurance • Procurement • Research & Development (R&D) • Sales & marketing	• % revenue from products with a complete life cycle assessment • Raw material usage reduction per MT of production (MT/MT) • Re-used/ recycled input material as a % of total raw material • % of sustainable raw materials per MT of production	• Direct impact on opex (material costs) • Direct impact on capex (new tech investment)

A&M has also helped clients cut operational costs and reduce the environmental impact of their operations, although these may require upfront capex investment. We advised an Indian manufacturer to invest in captive solar power, which resulted in cost saving of USD 2.2-3.7 million annually. We have implemented efficiency improvement measures for one of the leading alloy steel producers in India, resulting in furnace power consumption reduction of about 10 percent, saving about 2,800 MT of carbon dioxide emissions annually. Finally, we implemented value engineering for packaging at a leading Indian medtech company, thereby reducing material use by 50 percent and cutting costs by approximately 47 percent.

Reducing cost of capital

Example initiatives (not exhaustive)	Functions involved	Examples of indicators/ metrics that can be used	Illustrative impact assessment
Access to sustainability-linked loans, green bonds	• Finance & accounts • Manufacturing • Procurement • Distribution & logistics	• % of sustainability-linked debt to total debt financing • Difference in interest rate (%) of sustainability-linked debt vs. traditional debt	• Direct impact on non operating costs (interest cost) • Direct impact on capex (e.g. asset upgrade capex to improve energy efficiency rating)

Sustainable financing is another effective way to generate value from ESG. Some companies are already making significant use of sustainability-linked loans. For instance, a major data center provider in the Asia Pacific region secured a USD3-billion loan based on key performance indicators like carbon, energy & water usage, and gender pay equity.

Increasing Revenue

Example initiatives (not exhaustive)	Functions involved	Examples of indicators/ metrics that can be used	Illustrative impact assessment
New product development focusing on sustainability	• R&D • Product • Manufacturing • Quality assurance • Sales & marketing • Procurement • Finance & accounts • Distribution & logistics • Internal compliance & legal	• New sustainable product sales vs total product sales (%) • New product contribution margin (USD) • Repeat purchase rate of new product (%) • Repeat purchase rate across all products (%) • Customer survey score • Capex cost for new product development (USD)	• Direct impact on revenue (new product sales & repeat purchases) • Direct impact on opex (new product manufacturing) • Direct impact on capex spend

Many companies see sustainable products as new revenue sources, including both young innovators and traditional players. For instance, a leading apparel manufacturer in South Asia has pioneered several innovations and partnered with brands to create sustainable items such as products made from recycled ocean plastic. This company aims for 50 percent of its revenue to come from sustainable products by 2025.

Branding and multiples

Example initiatives (not exhaustive)	Functions involved	Examples of indicators/ metrics that can be used	Illustrative impact assessment
Enhancing sustainability as a part of the brand to drive customer loyalty and market share growth	• Sales & marketing • Procurement • Manufacturing • CSR • Distribution & logistics • Quality assurance • R&D	• Revenue growth (%) • Repeat purchase rate (%)	• Direct impact on revenue (repeat customers)

Sustainability is becoming a key aspect of branding for many organizations. For example, India's largest EV ride-hailing and charging services company, with over 1.47 million riders, focuses on decarbonized mobility, on-time service and clean mobility. While we have discussed whether a positive ESG record boosts multiples, **it is worth noting that a negative ESG record is seen as an investment barrier by Funds,** who often exclude certain sectors like coal and tobacco.

Develop roadmaps, cross-functional KRAs and set up a governance structure to ensure seamless implementation

Beyond identifying the right ESG levers / initiatives, mapping KPIs and linking them to financial outcomes, it is crucial to ensure seamless execution of the implementation plan. Several elements need to be in place including detailed road maps and governance structures for effective monitoring. Furthermore, given that most ESG initiatives are cross-functional, it is critical that cross-functional KRAs are established at the outset. An overview of key actions required for each element is outlined below:

Key elements of implementation	Key action items
1 Integrated value creation and ESG strategy	• **Maintain focus:** 6-7 short to medium term goals, including 2-3 relevant ESG goals are usually enough • **One size does NOT fit all:** ensure the ESG initiatives are closely linked to the realities and priorities of the business • **Build a business case:** having a tangible financial justification or at least picture of any ESG investments is paramount in ensuring Board of Directors and management are aligned; in many businesses this would include estimating carbon costs
2 Roadmap and resourcing	• **Define 1-3-year roadmaps** for each goal with key milestones and initiative level details, i.e., tasks, timelines, owners, and budgeted financial impact • **Formulate a team** which is cross-functional, empowered and accountable • **Engage the team** by educating them on the long-term and short-term benefits of ESG and providing them with the right tools and incentives
3 Clear KRAs, KPIs and governance	• **Establish ESG data collection and reporting guidelines** (standardized across portfolio companies) • **Define and communicate clear KRAs** across levels, which are aligned with the goals identified; set measurable KPIs • **Set up a structured meeting cadence,** with defined agendas - for cross-functional task force meetings, monthly meetings with functional heads and quarterly meetings with the Board of Directors
4 Robust program management office	• **Set up a dedicated program management office** to closely track the progress of all initiatives and report progress • Project management office to also manage resources and enable issue debottlenecking
5 Reporting financial and ESG metrics	• **Incorporate ESG KPIs in company-wide performance dashboards** with financial, operational and sales metrics • **Refine impact measurement methodologies** and invest in data measurement tools • **Demonstrate the impact of ESG metrics on financial metrics** (e.g. EBITDA), use informed assumptions as appropriate
Enabler - Ongoing capability building	• **Invest in capability building** through external experts and recruitment of in-house ESG experts • **Conduct regular training sessions** across levels and appoint training champions • **Develop a regulatory monitoring system**

Integrated implementation of ESG initiatives, incorporating the core execution elements illustrated above, will enable portfolio companies to unlock measurable financial impacts, such as enhanced risk mitigation, cost reduction, revenue increase, and better access to financing. Furthermore, it enables the company to develop a strong ESG track record over the investment period and positions the portfolio company for a successful exit at a higher premium five to seven years later. Lastly, the focus on ESG not only enables value creation through the revenue and cost levers at hand but is also proven to enable management teams to build muscle to tackle systemic risks, which is critical for value preservation in an environment that is increasingly becoming volatile and uncertain.

Noteworthy success stories:

Globally, Funds and portfolio companies have been successful at creating significant impact for themselves and their stakeholders by deploying the ESG value creation levers outlined in this paper.

QUADRIA CAPITAL

Industry Insight: Expanding Value Creation Levers in Quadria's Approach to ESG and Impact

Founded in 2012, Quadria is an Asia healthcare-focused private equity firm with assets under management of over US$ 3.5 billion, maximising returns by investing in the high growth healthcare sector of some of the world's fastest-growing economies in South Asia and Southeast Asia, including Healthcare Delivery, Life Sciences, Medical Technology and Associated Healthcare Services subsectors. The firm aims to create significant and sustainable shareholder value by supporting strong, professionally-run, stable and scalable healthcare organisations to address the critical and undersupplied healthcare needs in Asia.

Quadria aims to revolutionize Asia's healthcare ecosystem by improving awareness, accessibility, and affordability of high-quality healthcare services for those who need them most. The firm showcases its commitment to ESG and impact leadership. Driven by Quadria's ESG and Impact Team, its proprietary three-tiered Impact Management and Measurement (IMM) framework integrates ESG and impact considerations throughout the investment lifecycle. As a signatory of the UN Principles for Responsible Investment (UN PRI) and Operating Principles for Impact Management (OPIM), Quadria is dedicated to driving value creation for its portfolio partners through capital allocation, technical assistance, industry networks, market access, and ESG strategy implementation.

Value Creation Levers:

Increasing Revenue: The largest private hospital group in Southeast Asia, with over 37 years of experience in healthcare delivery, has been a key partner of Quadria, consistently opening two to four new hospitals annually, adding an average of 500 beds per year. Over the years, it has supported the universal healthcare program in Indonesia, providing affordable treatment, with over 80 percent of its facilities located in non-capital cities to broaden healthcare access nationwide. Recent initiatives, including the launch of three hospitals and three Centers of Excellence in oncology, cardiology, and emergency services, alongside ongoing accreditation efforts, are driving growth in both service scale and quality. These efforts have significantly enhanced the group's financial performance, achieving a market cap of US$1.2 billion, a 10 percent CAGR over the past five years, and a 15 percent EBITDA growth over the same period, while serving over eight million outpatient visits and 613,000 patient admissions in 2023.

Financing Cost: Quadria closed a revolving credit facility of up to $200 million, which can be drawn down by portfolio companies in the form of 'social loans' if the proceeds are used to drive social impact. As a requirement, portfolio companies utilizing these funds are required to report on pre-approved metrics showcasing the social impact from the proceeds. The firm used $77 million from the facility to invest in an Indian eye care chain for improving healthcare access in India's underserved cities by providing affordable eye care. Quadria's portfolio companies using these funds will report on pre-approved metrics to demonstrate the social impact of the firm's investment. In the case of the eye care chain, the metrics include effective coverage for the elderly population, availability and training of healthcare professionals, number of doctors and installed beds, healthcare costs, accreditation of facilities, and eye care awareness initiatives, among many others.

Branding and Multiples: With active support from Quadria's ESG and Impact team, a leading orthopaedic medical device manufacturer in Malaysia has established an ESG Committee to develop and implement its ESG management system. Guided by its sustainability policy, the company has introduced a supplier code of conduct to assess suppliers' ESG commitments and provides regular employee training to maintain high quality standards for Food and Drug Administration (FDA) and International Organization for Standardization (ISO) certifications. This integrated approach to supply chain management and quality assurance is reflected in key metrics, with over 99 percent of products sold to customers have satisfied the most demanding quality expectations and more than 95 percent of all product shipments delivered on time.

Additional Case Studies can be found at:

SVCA ESG & Impact Casebook - 2023 Edition: www.svca.org.sg/sites/default/files/2023-09/SVCA_ESG_2023.pdf

SVCA ESG Casebook - 2022 Edition: www.svca.org.sg/sites/default/files/2023-06/ESG%20Casebook%202022%20Edition.pdf

Source: New private markets

How A&M Can Help:

A&M provides a suite of ESG service offerings for its sovereign wealth fund, private equity, venture capital and corporate clients. These include:

- **ESG Due Diligence**
- **Performance Improvement**
- **Sustainable Supply Chain Program**
- **Portfolio Maturity Assessment**

About SVCA

The Singapore Venture & Private Capital Association (SVCA) is a not-for-profit organisation formed in 1992 to promote the development and interests of the private capital industry. The association strives to promote the collective interests of our members and contribute towards the development of Singapore as a leading global hub for private capital fund management.

The association also acts as a platform for dialogue on regulatory and policy issues, and builds linkages to centres of Private Capital activities in the region. For more information, please visit www.svca.org.sg.

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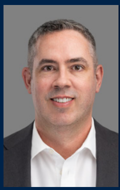

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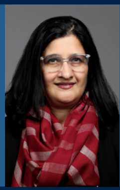

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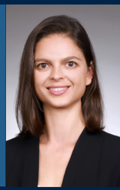

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