Operating Principles for Impact Management

June 2026 Disclosure Statement

Table of Contents

Disclosure Statement

AvantFaire Investment Management Limited (AvantFaire) is a signatory to the Operating Principles for Impact Management (Impact Principles). This disclosure statement affirms that AvantFaire continues to have the necessary policies and procedures in place to manage private equity discretionary mandates[1], which prioritize investments that generate positive cultural, societal, and environmental impacts. Alongside our core theme of traditional impact investment, we are exploring innovative opportunities in deep technology. These include artificial intelligence, robotics, advanced energy systems, and space technologies. Their applications range from improving everyday life on Earth to supporting cutting edge scientific advancements beyond our planet. All these efforts are guided by the Impact Principles.

As the 100th signatory, AvantFaire is dedicated to advancing the Impact Principles' standards in Asia, particularly in the Greater China Region. We are committed to collaborating with fellow signatories and the broader impact investing community to promote the growth and recognition of these principles.

The AUM of DM is zero as of June 2026. AvantFaire is currently managing a proprietary impact investment fund of funds with an AUM of USD 5M, whose operation follows the Impact Principles.

Catherine Chen
Founder and CEO
AvantFaire Investment Management Limited

June 2026

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[1] The AUM of DM is zero as of June 2026. AvantFaire is currently managing a proprietary impact investment fund of funds with an AUM of USD 5M, whose operation follows the Impact Principles.

Principle 1: Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not have to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

AvantFaire Investment Management Limited (AvantFaire) is a Hong Kong SAR-licensed firm dedicated to impact investing. We offer a range of opportunities, such as discretionary private equity mandate services and customized solutions developed alongside financial institutions. Our commitments to the Operating Principles for Impact Management (Impact Principles) and the Principles for Responsible Investment (PRI) underscore our adherence to rigorous industry benchmarks. Additionally, we are proud to be the first Asian equity investment manager to earn B Corporation certification, which strengthens our standing as a leader in sustainable finance throughout the Asia-Pacific region. Our approach goes beyond conventional ESG screening; we proactively identify investable companies that produce verifiable net positive social outcomes, ensuring that every investment directly furthers our core mission of fostering tangible change.

Our expertise lies in impact investments that harmonize attractive financial performance with measurable societal advantages, demonstrating that returns and responsibility are mutually reinforcing. We operate on the belief that addressing pressing human needs, from enhancing living standards to encouraging enduring economic development, generates lasting value for both communities and shareholders. By promoting cooperation and contributing to constructive global progress, we enable our clients to pursue significant impact without sacrificing profitability, turning principled capital into real world transformation. Through our Private Equity Discretionary Mandate, we allocate capital across agricultural technology, sustainable urban development, cultural tourism, and most recently deep technology, all with an eye toward producing quantifiable results. Our investment framework is explicitly aligned with several UN Sustainable Development Goals (SDGs), including Clean Water and Sanitation (SDG 6), Affordable and Clean Energy (SDG 7), Industry and Infrastructure Innovation (SDG 9), Sustainable Cities (SDG 11), Responsible Consumption (SDG 12), and Climate Action (SDG 13). This alignment ensures that our portfolio not only delivers solid financial results but also advances critical milestones on the path to global sustainability.

Source: United Nations Sustainable Development Goals, March 2022

These SDGs are then translated into our impact investment themes and overlaid with deep tech to target investments that:

- Utilize natural resources more efficiently
- Pollute less and recycle more
- Enhance the living quality in cities, communities, and villages

- Mitigate negative impacts on the climate from the development of rural areas

This approach allows us to systematically measure our impact contributions against both our internal objectives and the United Nations 2015 Sustainable Development Goals by applying relevant metrics and established impact frameworks. Our presence in China and Hong Kong SAR gives us access to local networks, enabling us to source and identify companies that are genuinely driven by impact. These businesses must not only meet our ESG criteria but also provide commercial solutions that actively advance our environmental, social, and governance priorities, ensuring that financial performance and positive change remain fully integrated throughout our investment process.

Principle 2: Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

Our impact investment decisions for the Discretionary Mandate follow a rigorous process set out in our Investment Process Policy, targeting sectors such as agricultural technology, sustainable cities, cultural tourism, and deep technology. We concentrate on innovative themes and business models that survive an initial screening before advancing to full due diligence, ensuring that our portfolio generates competitive long-term returns alongside measurable environmental and social benefits, with net positive impact created at both the company and portfolio levels. Impact assessment starts at the initial screening stage, where we examine each company's business model against the mandate's impact thesis and establish quantifiable metrics linked to the relevant SDGs, providing clear benchmarks for tracking progress. Throughout the entire investment period, our team works closely with investee companies to implement their impact strategy, while continuously overseeing both financial performance and impact outcomes to maintain alignment with our objectives.

We employ a unified reporting framework to quantify our portfolio's total impact, consolidating key metrics across all investments alongside financial performance data into comprehensive impact reports. Common metrics attributable to similar impact themes include the amount of carbon dioxide reduced or avoided, the volume of alternative power generated or energy saved, and the total weight of hazardous material reduction. Other examples include:

- Metric tons of CO_2 avoided
- Job creation
- Direct beneficiaries
- Women employment
- Benefits to rural communities
- Productivity gains
- Amount of renewable energy deployed

When direct impact measurement from investee companies proves impractical, we employ estimation methodologies for their products' and services' effects, with full transparency in disclosures. Following rigorous review and validation of all inputs and assumptions, we produce annual impact reports for investors. Rural revitalization investments present benchmarking complexities due to rapid sector evolution, fragmented ownership structures, and inconsistent industry-wide measurement practices.

Beyond formal reporting, we maintain ongoing oversight of investee companies' impact performance and relevant market trends through continuous monitoring and regular engagement meetings. These sessions ensure compliance with impact strategies, proper monitoring systems, and proactive risk management. Additionally, AvantFaire offers targeted impact expertise and technical support to strengthen investee companies' capabilities when needed.

Our company focuses solely on impact investing. We do not have a separate system to align staff incentives with both impact achievement and financial performance, as these are our dual baselines. We will consider implementing such a system when it becomes applicable to our operations and as best practices emerge.

Principle 3: Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

AvantFaire is committed to advancing the impact investment sector across Asia by adhering to rigorous international standards. As a signatory to the Impact Principles and PRI, and as a Certified B Corporation, we consistently demonstrate our dedication to ethical and sustainable business practices. To reinforce our leadership role, we actively participate in green advocacy, contribute thought leadership at industry forums, and regularly publish insights on impact investing, sustainability, and ESG innovation, all of which help shape the broader conversation around responsible finance.

We cultivate strategic, long-term partnerships throughout the impact investment ecosystem to gain access to exclusive direct and co-investment opportunities. Over these years, we have considerably broadened our deal pipeline and professional network while developing collaborative initiatives to magnify our social impact. These synergistic engagements with governments, regulators, academic institutions, non-governmental organizations, and investee companies drive greater awareness and deliver measurable change. For our investee companies, we offer tailored support through regular communication, collaborative dialogue, and access to our extensive network and experience. Other forms of support include but are not limited to:

- Leveraging industry partnerships: Our business partners include real estate developers, architects, property management firms, and other asset managers, with whom we maintain close relationships. We actively encourage these partners to adopt the products and services offered by our investee companies, thereby creating synergistic benefits for all parties involved.

- Providing ESG and impact support: As a recognized champion of impact investment, we guide investee companies in improving their frameworks for compliance, disclosure, and reporting. We also work with them to develop key performance metrics specifically tailored to impact measurement, and we encourage our portfolio companies to pursue B Corporation certification as a mark of their commitment to responsible business practices.

- Searching for key management personnel: We utilize our extensive network to identify and recruit suitable key management personnel, including chief executive officers and other C suite executives, to help investee companies scale their business operations effectively.

- Pursuing additional strategic initiatives: We work with our investee companies on follow on investments from private equity funds and other professional investors. When needed, we also assist them in obtaining bank financing and government subsidies to support their growth and operational needs.

To ensure strong governance throughout our investment process, every case is assigned both a Deal Team, led by a managing partner with support from junior staff, and an independent Support Team, overseen by a different managing partner with its own junior staff, to provide effective checks and balances. Both managing partners sit on the investment committee, ensuring that all investment details are thoroughly presented during decision making. Team allocations are determined by expertise, availability, and current workload, while the level of junior staff involvement is tailored according to the complexity of each deal.

Principle 4: Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions:
(1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

The Discretionary Mandate is structured to achieve its stated investment objectives while adhering to a rigorous impact focused approach through our assessment framework, which moves beyond basic negative screening or harm reduction to proactively deliver measurable positive outcomes via intentional and purpose driven investments. Our due diligence process includes thorough quantification of each investment's potential positive impact, evaluated against our established impact measurement framework to ensure that every opportunity aligns with our commitment to generating tangible social and environmental benefits alongside financial returns.

- The type of impact, which should be the core value of the business operation;
- The amount of impact, which should be proportional to the business size;
- The relative size of the impact created within the targeted geographical context;
- The identification of impact beneficiaries;
- The transparency, availability, and authenticity of impact data;
- The probability of the business operation creating the intended impact;
- The sustainability of the impact created by the business operation; and
- The risk factors that could alter the assumptions of impact creation.

We do not mandate that investee companies adopt specific impact measurement processes, but we do expect them to demonstrate a systematic approach for identifying and assessing their intended impact, thereby ensuring alignment with impact investment principles and industry best practices. In addition to performance and risk monitoring, we actively support our portfolio companies by facilitating access to funding, co-investment opportunities, and strategic partnerships, all of which are aimed at maximizing both financial returns and measurable social and environmental outcomes for our stakeholders.

Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

We firmly believe that companies with strong ESG fundamentals are better positioned to deliver long term investment returns, and our evaluation process therefore analyses how these ESG factors align with each company's impact metrics to ensure a cohesive approach to sustainable value creation.

Environment	Social	Governance
▪ Climate Change	▪ Customer satisfaction	▪ Composition of the board of directors
▪ Carbon emission	▪ Relations with unions	▪ Structure of the audit committee
▪ Biodiversity	▪ Data protection	▪ Enterprise policy
▪ Depletion of natural resources	▪ Relations with civil society	▪ Anti-corruption policy
▪ Energy efficiency	▪ Equal pay	▪ Compensation committee
▪ Waste management	▪ Policy regarding the hiring of disabled people	▪ Lobbying policy
▪ Water / air pollution	▪ Diversity and non-discrimination of minorities	▪ Whistle-blower protection
	▪ Health and well being	▪ Diversity and inclusion policy

In assessing investee companies, we evaluate both their actual and potential impact, recognizing that, for example, a fossil fuel-based power producer transitioning to renewables and carbon capture would demonstrate high impact potential despite its current operations. Since ESG risks vary considerably by sector, we customize our assessment framework for each industry, prioritizing air pollution metrics for metals companies, as another example, rather than applying the same criteria used for retailers. Our evaluation process places significant emphasis on each company's commitment to impact and ESG risk management, and we regularly examine their current practices or their demonstrated willingness to improve, ensuring effective identification, mitigation, and monitoring of impact related risks.

AvantFaire implements a thorough monitoring process to track portfolio wide impact, and depending on each investment's complexity and impact potential, we may engage qualified local partners to mitigate execution risks, drive social and environmental awareness, and secure targeted financial returns. For every investee company, we establish the necessary impact metrics at the outset, monitor them over the investment holding period, and compare performance against a predefined baseline. Impact data is gathered through various channels, including ongoing dialogues with management, board seats, advisory roles, periodic data submissions, and scheduled reporting, and this information is then measured against the impact key performance indicators pre agreed with the investee company at the inception of the investment.

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

We establish impact measurement frameworks early in our engagement with investee companies, aligning metrics and methodologies through collaborative discussions that respect each party's perspectives, and this process includes agreeing on timing requirements while maintaining flexibility to adapt approaches when justified by new findings or information. Regular portfolio reviews are conducted to assess whether actual impact aligns with initial projections, supported by ongoing engagement through formal meetings and informal management discussions to monitor performance and implement corrective actions when needed. Although we may exit investments that consistently fall short of impact targets, we prioritize active engagement, believing that educating and supporting companies in impact management creates positive spillover effects that strengthen the entire ecosystem.

Principle 7: Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

AvantFaire places the highest priority on impact sustainability across every stage of the investment lifecycle, with a firm understanding that any erosion of impact can significantly undermine long term business value and diminish the positive outcomes we strive to achieve. Our rigorously disciplined exit process therefore incorporates multiple safeguards, including the identification of impact aligned buyers who share our values, a thorough evaluation of potential impact dilution through a structured and comprehensive checklist, and the meticulous documentation of all impact related considerations in divestment memoranda to ensure transparency and accountability. We regard the continuity of impact as a core fiduciary responsibility, and we consistently assess exit implications through a forward-looking lens to preserve both financial performance and social returns for our stakeholders. Beyond the exit phase, we remain committed to learning from each divestment experience, refining our approach to impact preservation, and continuously strengthening our processes to ensure that every investment, from inception to conclusion, upholds our unwavering dedication to generating meaningful and lasting change.

Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

AvantFaire conducts an official impact performance review for each investment prior to the issuance of annual impact reports, during which we meet with underlying investee companies to examine their impact strategies and results and to have them justify their financial and impact performance against established expectations. Our first level review assesses financial and impact performance along with adherence to impact investment, measurement, and reporting processes, while the second level review focuses on management style, stakeholder communication, impact research, and the company's ongoing commitment. In addition to publishing an annual financial and impact performance report, we hold regular meetings with investors and corporate advisors to discuss the management and performance of the Discretionary Mandate and to solicit comments and suggestions, and this feedback engagement guides us in refining our impact strategy, investment process, assessment methodology, and reporting practices, with learnings formally documented in our improvement goals. Underlying investee companies also maintain their own review and documentation processes to summarize performance and lessons learned, and this review typically occurs annually for each portfolio company throughout its lifetime until exit.

Principle 9: Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This disclosure statement, dated June 2026, reaffirms the alignment of AvantFaire's impact management systems on the DM's operation with the Impact Principles. An independent verification[2] of this alignment was carried out on May 20, 2022, by Vukani Impact Collective (PTY) Ltd, which is an international sustainability service provider based in Cape Town, South Africa[3]. It helps investors and businesses innovate through improved measurement and management of ESG performance and impact by applying extensive experience in the IFC Performance Standards, UN Global Compact Principles, Principles for Responsible Investment, Impact Principles, and other frameworks. Another independent verification shall be carried out if there are significant changes in our investment business offers or AUM, or in the latest by 2027.

[2] https://www.avantfaireim.com/wp-content/uploads/2022/06/VukaniAssuranceStatement_June-2022.pdf
[3] 74 Bermuda Dr, Capri Fish Hoek, Western Cape, 7975 South Africa