

2024

Responsible
Investment Report

THE
LONGREACH
GROUP



About this Report

The Longreach Group (Longreach or the Firm) presents our second annual Responsible Investment Report, highlighting our ongoing commitment to transparency with our stakeholders, accountability, and responsible investment. As a signatory to the Principles for Responsible Investment (PRI) and a member of the EDCI, Longreach integrates responsible investment principles throughout our investment lifecycle, focusing on material sustainability factors to manage risk, create value, and enhance investment performance.

Disclosing our progress and how we plan to continue advancing on our journey reflects both our reporting obligations and our commitment as responsible stewards of capital. Our responsible investment approach aims to deliver strong financial returns while actively managing sustainability risks and opportunities that may affect long-term value and reputation. To support this, we leverage a suite of strategies and tools such as our proprietary Responsible Investment Toolkit that helps identify and evaluate sustainability factors relevant to each investment.

This report highlights our actions and progress toward building a more sustainable and resilient future. The content of the report covers January 1, 2024 to December 31, 2024, unless otherwise noted*. Longreach approved this report by consulting with subject matter experts and portfolio company executive leaders.

We welcome your engagement on this journey, and your insights and inquiries are valuable as we continue to evolve our responsible investment practices. Please share your thoughts or questions at responsibleinvestment@longreachgroup.com.

*Statements provided may be based on estimates, assumptions, and projections, and are subject to change as we continue to refine our data, systems, and methodologies.

A Message from Our Founders	1	Environmental Impact	14
2024 at a Glance.	2	Social Impact & Our People	18
About Longreach.	4	SASB Index	22
Responsible Investment Strategy	6	TCFD Index	24
Governance	10	Appendix	24



A Message from Our Founders

As we present our second annual Responsible Investment Report, we reflect on the progress made in advancing our sustainability strategy and the priorities shaping our journey forward.



Being responsible investors requires continuous improvement, adaptation, and alignment with global best practices. These principles are deeply embedded in our culture and values, shaping how we operate, make decisions, and partner with our portfolio companies. Over the past year, we further institutionalized this commitment by updating our Responsible Investment Policy and deepening sustainability integration across the investment lifecycle. We also took meaningful steps to enhance our responsible investment capabilities through training and guidance for our team, onboarding a responsible investment specialist, and strengthening the application of sustainability considerations within our investment processes and value creation plans.

Alignment with global frameworks remains core to our strategy and, through our ESG Data Convergence Initiative (EDCI) membership,

underscores our commitment to transparency and industry collaboration. Guided by the Task Force of Climate-related Financial Disclosures (TCFD), we advanced our climate risk management and enhanced our reporting to align with evolving disclosure expectations while laying the groundwork for carbon neutrality and future climate target setting.

We partner closely with portfolio companies to position responsible investment as a key lever for competitive advantage and sustainable growth. Our investment in Shin Nihon Jusei Group (SNJ), a leader in residential solar panel and storage battery systems, exemplifies this by supporting Japan's clean energy transition while delivering measurable investor value.

We are grateful for the continued trust and partnership of our stakeholders. We look forward to building on this

progress together and demonstrating how responsible investment can deliver strong financial performance alongside positive societal impact.

Sincerely,

Mark Chiba

Co-Founder, Group Chairman,
and Partner

Masamichi "Masa" Yoshizawa

Co-Founder, Representative Director,
and Partner

Longreach Sustainability Highlights



Published our inaugural **Responsible Investment Report** in 2024.



Commenced the **EDCI membership process in 2024**, with official membership effective in 2025, participating in a collaborative effort to standardize sustainability metrics.



Hired an **Investor Relations and Sustainability Manager** to lead internal discussions on responsible investment and stronger engagement with portfolio companies.



Conducted an **annual firmwide sustainability training session**, led by APAC Advisors, focused on climate risk assessment and management, with 100% participation from all Longreach employees.



Acquired **SNJ, a renewable energy company**, which supports Japan's growing demand for clean energy and Longreach's growing commitment to the energy transition sector.

Activity Metrics and Sustainability Data

Longreach

\$1.34B

Assets Under Management.

22

years of investment track record.

2

years of measuring carbon footprint across all Fund 3 and Fund 4 portfolio companies.

265.05

2024 total GP-level emissions of 265.05 tons carbon dioxide equivalent (tCO₂e).

Portfolio Companies

100%

of Fund 3 and Fund 4 portfolio companies with Sustainability KPIs, Action Plans, and greenhouse gas (GHG) emissions quantification.

~2X

C-United Energy Management: exceeded the annual electricity reduction target by approximately twofold.

7.3%

FCL Components (FCL) Waste Management: average of 7.3% group reduction compared to the five-year average, totaling ¥1,467,000 cost reduction per year.

100%

APC Group Responsible Sourcing: 100% of APC's unique suppliers signed the Supplier Code of Conduct in 2024.

30%

reduction in FCL's GHG emissions compared to 2013 was achieved in 2024. FCL also made public its carbon neutrality target in 2024: 1) 46% reduction by 2030, and 2) carbon neutrality by 2050.

31%

Wellness Communications Diversity: following 2023, the percentage of female managers remained around 31%, already exceeding the Japanese government's target of 30% required by 2030.



About Longreach

We are an established independent private equity firm with offices in Hong Kong and Tokyo. Longreach specializes in upper mid-market control buyouts in Japan, and selectively in Japan-related Asia, in the industrial and technology, consumer-related, and business services sectors. Founded with a vision to drive value creation and build resilient companies, we combine deep local relationships and cultural understanding with global industry expertise, networks, and standards of operational excellence.

Mission

Our continuing mission is to be an elite, independent private equity investment firm, as measured by consistent and long-term investment performance, execution quality and reputation, and aligned with sustainable environmental, economic, and social outcomes.

Business Model

To achieve our mission, we must execute on our core business model of consistently raising, deploying and returning capital with outstanding results to world-class investors.

Values

- | | | |
|---|---|---|
| 1. Truly Global and Cross-Cultural | 4. Generosity and Compassion | 7. Ethical Responsibility in Investing and Operations |
| 2. Respect Different Opinions and Promote Diversity | 5. Personal Responsibility, Entrepreneurship and Excellence | 8. Guardianship and Integrity |
| 3. Honest, Open, Constructive Discussion and Teamwork Culture | 6. Commercial Contributions and Productivity | |

Our Portfolio

Since our first investment in 2005, we have continually refined our distinctive strategy to deliver value-driven solutions with integrated sustainability considerations.

Industrial & Technology				
				
Consumer Related				
				
Business Services				
				

Value Creation

We have a strong track record in generating returns and value creation for our portfolio companies through:

- Disciplined entry valuation, prudent deal structuring, and balance sheet strength
- Management excellence and a culture of success aligned to globally benchmarked performance standards
- Positioning portfolio companies to capture opportunities from high-growth markets in Asia
- Integration of responsible investment risks and value creation opportunities into the investment approach across the entire Firm
- Clear strategy with realistic and accountable business plan execution
- Best practice corporate governance standards
- Operational excellence to capture growth and efficiency gains
- Skillful and well-timed exit execution

Responsible Investment Strategy

Guided by leading global standards, we assess the sustainability factors that impact financial performance and reputational resilience across our portfolio. This disciplined approach strengthens value creation, mitigates downside risk, and reinforces our role as responsible investors contributing to long-term societal outcomes.

Our engagement approach promotes sustainability across our portfolio through regular dialogues, clear objectives, and performance monitoring. In 2024, we advanced this effort by publishing our inaugural Responsible Investment Report informed by TCFD and shifting to a more direct, consistent engagement model. The appointment of a dedicated Investor Relations and Sustainability Manager at Longreach has further institutionalized these practices, enabling targeted action plans, stronger coordination, and serving as a trusted resource to our portfolio companies. Sustainability is a standing agenda item in quarterly meetings with portfolio company leadership, fostering deeper alignment and long-term value creation.

Furthermore, we enhanced our Responsible Investment Toolkit to be more intuitive and action-oriented, strengthening sustainability due diligence by improving the evaluation of factors impacting deal valuation and value creation, and enabling more effective tracking of gaps, risk identification, and collaboration with portfolio company leadership.

Key Sustainability Focus Areas

We focus on determining material sustainability factors in the following areas based on the sectors and the geographies in which we invest in:

Environmental:

Effective use of energy and water resources, promoting sustainable production and consumption, minimizing waste generation, enhancing environmental management to reduce pollution, and promoting efforts to combat climate change, including the use of renewable energy.

Social:

Adoption of innovative technologies to address social challenges, promoting fair labor conditions and human rights practices, enhancing employee retention through education and training, and supporting diversity and equal opportunities.

Governance:

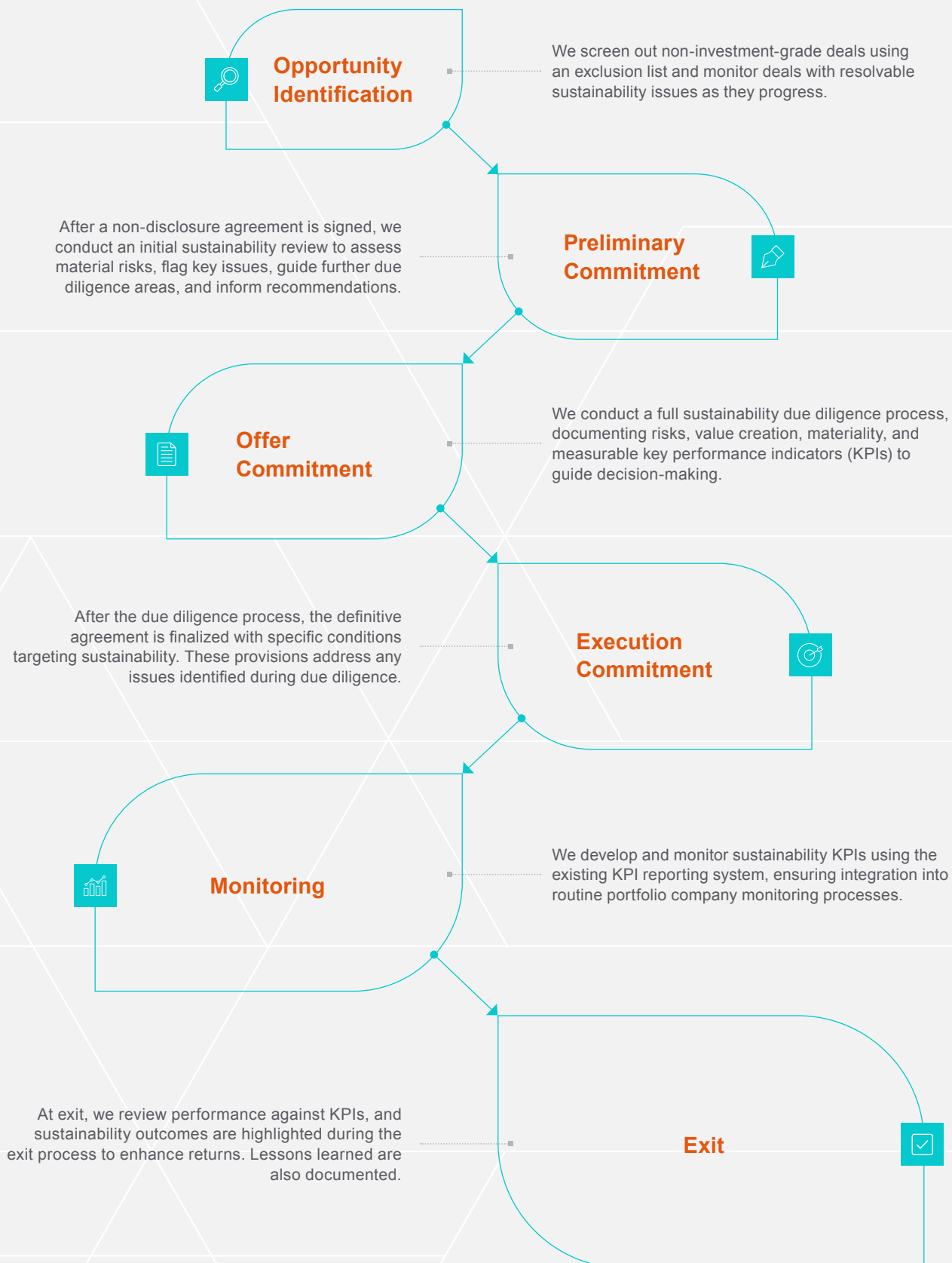
Appropriate governance structures, including board oversight, audit and risk management, anti-bribery measures, and conflict of interest policies. We encourage portfolio companies to minimize risks related to environmental, public health, safety, and social issues, and prohibit relations with criminal and anti-social forces, terrorist financing, money laundering, and inappropriate lobbying.

Longreach Responsible Investment Policy & Guideline

Our Responsible Investment Policy & Guideline (the "Policy") is grounded in globally recognized frameworks, ensuring a robust and consistent approach to sustainability integration in line with industry best practices. Implemented in October 2020 and updated most recently in October 2025, this policy outlines how we incorporate material sustainability risks and opportunities into our investment strategy, in alignment with our Code of Ethics and Conduct, risk management, and investment process policies to enhance portfolio performance.

Sustainability Integration into the Investment Process

The Policy comprehensively outlines the process for integrating material sustainability considerations at every stage of the investment process.





Identifying and Managing Climate-Related Risks

As part of our initial steps in aligning with the TCFD, Longreach strengthened the integration of climate considerations into our sustainability framework. We assess material physical and transition risks throughout the investment lifecycle.

Our Investment Committee incorporates climate risks into deal evaluation, considering factors such as geography, sector exposure, and regulatory trends, including carbon pricing, energy transitions, and disclosure mandates. Where relevant, we engage third-party specialists for detailed assessments, including site-level physical risk evaluations (e.g., flood, heat, water stress) and policy impact analyses.

Insights and findings from global standards strengthen our climate due diligence and portfolio engagement. It also informs climate-related action plans developed

collaboratively with portfolio companies during the first 180 days of ownership. These plans are monitored throughout the investment process and may include KPIs for carbon footprinting, decarbonization pathways, or site-level adaptation strategies.

Decisions on mitigating material climate risks are made jointly with portfolio company leadership, drawing on their operational insights to proactively address and identify emerging issues as needed. For climate-vulnerable sites, this includes evaluating mitigation options, such as relocation, and assessing carbon exposure to guide decarbonization strategies.

Progress is monitored by our Investment and Valuation Committees, and performance updates are regularly shared with stakeholders by our Investor Relations team. Broader sustainability and climate considerations are part of board-level and senior management discussions, with investment teams incorporating these priorities into how they support and grow each business.

The Policy outlines clear roles and responsibilities for oversight and implementation.



Executive Oversight & Accountability

Ultimately responsible for the implementation of the Policy and associated guidelines including making decisions on reviews and appropriate revisions.

The General Partners



Strategy & Implementation Oversight

Oversees all factors material to an investment decision, including the monitoring and management of any identified material sustainability factors throughout the investment lifecycle, as well as overall coordination and ongoing compliance with the Policy.

Investment Committee | Group Chief Operating Officer



Implementation & Execution

Responsible for end-to-end sustainability integration, from initial investment thesis through exit, by establishing and overseeing systems that embed sustainability factors into portfolio management. Oversees monitoring, reporting on material sustainability issues to key stakeholders, managing sustainability integration and compliance at portfolio companies, and preparing all responsible investment disclosures to fulfill reporting obligations.

Partners with Oversight | Investment Team | Responsible Investment Committee
Investor Relations for External Communications



Support & Resources

Responsible for understanding the Policy and for integrating the relevant commitments into their actions, as well as continuing to deepen their knowledge of responsible investment.

All Members of Longreach



Governance

We require all employees to uphold the highest standards of conduct and comply fully with applicable laws and our Code of Ethics and Conduct.

Employees are required to sign an acknowledgement form on a semi-annual basis indicating that they understand and agree to abide by the Code's requirements. This commitment is essential to maintaining our reputation and meeting regulatory obligations. It also ensures that our sustainability policies are applied consistently, reinforcing strong governance as a core part of how we invest.

Abiding by Our Code

Our Code of Ethics and Conduct is a core component of our operations. It covers a wide range of ethical and legal topics, including conflicts of interest, corruption, antitrust, anti-money laundering, cybersecurity, insider trading, and compliance with environmental, health, and safety standards. As part of our commitment to ongoing compliance, annual training is provided on these topics. Our senior management leads with the highest standards of honesty, transparency, and accountability, supported by clear whistleblowing and non-retaliation policies.

The Investment Team also reviews key portfolio company policies such as the Code of Business Ethics, Employee Health and Safety Policy, and Responsible Sourcing Policy, and provides support in policy development as needed to ensure consistent ethical standards across portfolio companies.

Communicating Responsible Investment Progress

Since 2021, we have delivered targeted updates on responsible investment initiatives and policy implementation to our Limited Partners during Annual Meetings. These regular updates are incorporated into annual and quarterly reports. In addition, we provide ad hoc reporting on material sustainability factors at Limited Partner Advisory Committee (LPAC) meetings to ensure ongoing transparency and engagement in sustainability developments.

Responsible Sourcing through Organization for Economic Co-operation and Development (OECD)-Aligned Due Diligence

FCL is strengthening its supply chain governance by incorporating responsible sourcing practices aligned with the OECD Due Diligence Guidance and Responsible Business Alliance (RBA) standards. Building on existing environmental purchasing specifications, FCL has developed sustainability guidelines for suppliers, which prohibit child and forced labor, and require environmental management systems focused on climate and biodiversity to be implemented.

Key Initiatives and Progress



1. FCL completed Step 1 of the OECD Due Diligence Guidance by conducting supplier surveys using the Conflict Minerals Reporting Template and Extended Minerals Reporting Template (CMRT/EMRT) to identify high-risk areas.



2. Implementation plans for Steps 2 and 3, focusing on risk assessment and mitigation, were finalized and are scheduled for execution in 2025, including supplier assessments and corrective actions.



3. FCL promotes conflict minerals reporting through the Responsible Minerals Initiative and engages with smelters to improve traceability.

General Partner Oversight of Climate-Related Risks

The General Partners oversee climate-related risks and opportunities as part of the Firm's broader corporate strategy, evaluating both transition risks and physical risks, such as extreme weather events, that may affect business continuity or asset performance. These considerations are factored into key investment decisions such as acquisitions and exits. This ensures that climate-related impacts and mitigation responses are integrated into business strategy. The General Partners receive regular updates, enabling ongoing monitoring of emerging risks and alignment with firm-wide strategic objectives.

Management of Climate-Related Issues

The Longreach management team is responsible for the day-to-day supervision and operational integration of climate-related issues across the Firm and its portfolio companies.

Management is coordinated through both the Investment Committee and the Responsible Investment Committee. The Investment Committee comprises five Investment Partners and one Operational Partner, each with more than 20 years of industry experience. Together, this Committee conducts sustainability due diligence on all proposed investments, with climate risk as a required component. The Responsible Investment Committee ensures consistent implementation and reporting across portfolio companies, enhancing governance and accountability. Climate-related risks and broader sustainability factors are reviewed quarterly through formal updates.

Although executive compensation is not directly tied to sustainability KPIs, sustainability performance is formally considered in overall performance evaluations. Dedicated team members are assigned sustainability oversight for each investment, emphasizing collective ownership of the Firm's sustainability objectives.



Sustainable Growth in Action

SNJ has made significant contributions to the country's renewable energy landscape:

- Cumulative sales of 150 megawatts (MW) of solar power systems, representing 0.2% of Japan's total 80,000 MW (Direct Current-based) capacity
- 2024 sales of 15 MW, accounting for 0.3% of the country's 5,000 MW (Direct Current-based) annual additions

SNJ's solar panel installations contribute to significant environmental benefits:

- Reduction in GHG emissions of about 90-98% compared to coal or oil energy sources
- Potential energy bill savings of 20-50% for households with solar panel installations
- Contribution to water conservation, as solar plants use about 2-15% of the water required by coal and nuclear power generation methods

Responsible Ownership in Practice—SNJ Impact Story

SNJ is Japan's market leader in residential solar panel and battery storage solutions, providing integrated, nationwide services including sales, installation, and maintenance. Longreach's investment in SNJ, initiated in May 2024, advances Japan's clean energy transition by accelerating renewable energy adoption, enhancing disaster resilience, and promoting circular solutions such as solar panel recycling.

Since partnering with Longreach, SNJ has strengthened its sustainability practices and environmental stewardship, highlighting Longreach's collaborative approach to scaling impact and advancing industry-wide progress.

Effective Governance Initiatives

SNJ has taken various steps to strengthen governance, with a culture of accountability, transparency, and responsible business practices across operations.

- **Strategic Sustainability Integration:** Identified material sustainability factors, conducted assessments to inform action plans, and developed measurable KPIs to be continuously monitored.
- **Institutionalized Corporate Governance Code:** Refreshed Mission, Vision, and Values, and introduced a formal Code of Conduct and ethical guidelines as part of a shared action plan to improve governance and ethical practices.
- **Sustainability Oversight:** Established a Sustainability Management System led by a senior executive officer with quarterly updates to the Board to ensure strategic alignment and executive accountability.
- **Information Security:** Maintained ISO/IEC 27001-compliant Information Security Management System (ISMS) across key locations with certification renewed in October 2024 following external audits and firmwide training.
- **Responsible Sourcing:** Verified supplier confirmations on conflict minerals and non-involvement in unethical labor practices for two major solar panel suppliers in 2024.



People and Inclusive Culture

SNJ is taking key steps to strengthen inclusive leadership and employee wellbeing. Recent initiatives include implementing a system to track gender ratios in managerial and non-managerial roles, initiating company-wide diversity targets, and planning to publish a comprehensive diversity and inclusion policy by the end of the company's fiscal year 2026. SNJ has also formed a dedicated HR team and launched its first employee satisfaction survey in May 2025, achieving a response rate of 83.1%. The company has also completed the roll-out of a centralized labor management system in 2024, with the aim to further enhance workforce oversight, safety, and operational efficiency.

Regulatory Compliance and Risk Management

SNJ maintains a disciplined approach to regulatory compliance, with robust internal controls and preventive measures in place to mitigate risks. Key practices include:

- Monitoring system for door-to-door sales team to ensure adherence to the Act of Specified Commercial Transactions.
- Conducting regular role-playing exercises to internalize compliance protocols.
- Recording sales interactions to serve as a safeguard

for employees, and a tool for constructive feedback and compliance training.

- Providing proactive guidance and preventive measures to maintain regulatory compliance.
- Supporting employees' industry qualification in electrical work to ensure full compliance with solar panel installation standards.

Future Focus

SNJ, in close collaboration with Longreach, continues to advance its sustainability practices with new initiatives aimed at regulatory alignment and industry leadership. SNJ is in the process of developing new policies on Corporate Social Responsibility and green procurement. In addition, SNJ conducts annual verifications to ensure that all suppliers engage in responsible sourcing and that no unethical labor is involved. Going forward, SNJ will expand its oversight beyond the two primary suppliers. SNJ also seeks to assess the feasibility of offering paid removal and collection services for solar panels and battery storage systems by 2028. Additionally, following the implementation of a comprehensive GHG emissions tracking system in 2024, SNJ plans to set environmental performance-related goals by 2026.



Environmental Impact

We are committed to minimizing environmental impacts across our operations and portfolio companies.

Our environmental strategy is grounded in the conviction that responsible stewardship of natural resources and proactive climate actions are essential to building resilient businesses and delivering long-term value. We work closely with portfolio companies to identify material environmental risks, enhance operational efficiency, and implement sustainability initiatives that align with our investment objectives.

Climate-Related Risks and Opportunities

We recognize that climate change poses a range of financial risks and strategic opportunities throughout the investment process. We proactively factor these risks into long-term value creation strategies while also identifying opportunities such as energy efficiency, low-carbon innovation, and climate policy shifts to enhance resilience and achieve sustained growth.

To guide our analysis, we classify risks and opportunities across the following time horizons:

- **Short-term (0–1 year):** Risks or opportunities that may materialize in the current operating cycle, often based on recent events or clear policy signals.
- **Medium-term (1–5 years):** Risks and opportunities that may arise within the current investment horizon, including strategic shifts that could impact exit valuations or require proactive planning during portfolio ownership.
- **Long-term (5+ years):** Systemic and structural changes in the market, economy, or environment that may affect capital allocation and portfolio resilience over time.

The tables below summarize current and anticipated material climate-related risks and opportunities identified across our portfolio. These insights draw from risk assessments, engagement with portfolio companies, and a review of emerging regulatory, technological, and environmental trends. The strategic implications and response strategies cover current actions, challenges faced within the existing portfolio, potential impacts on future investments, and initiatives intended for future implementation. Emphasizing our adaptability and commitment to improvement, Longreach will continuously review and adjust risks, opportunities, and strategies as the landscape evolves.

Climate-Related Risks

Type	Risk	Strategic Implications	Response Strategy
Transition	Regulatory Changes	Rising compliance costs and policy uncertainty may impact operating margins and investment timing.	Proactive monitoring via regulatory specialists; GP-level oversight; sustainability-integrated due diligence process.
Transition	Reputational Pressure	Stakeholder concerns over weak sustainability performance may hinder fundraising or exit valuations.	Transparent sustainability reporting through Investor Relations; sustainability performance tied to valuation and exit strategy.
Transition	Technological Disruption	Exposure to outdated or unscalable clean tech may reduce competitiveness or ROI.	Technical screening during due diligence; engagement with portfolio companies on innovation pathways.
Transition	Market Inefficiencies	Inadequate carbon pricing may distort asset valuations and understate risks.	Prioritize jurisdictions with carbon pricing mechanisms; industry engagement and advocacy.
Transition	Delayed Decarbonization in the Supply Chain	Slow progress in suppliers' carbon reduction efforts may increase Scope 3 emissions and harm sustainability scores or customer evaluations.	Conduct sustainability screening of key suppliers; measure and set targets for Scope 3 emissions; collaborate with suppliers on carbon reduction.
Physical	Acute Climate Events	Flooding, heatwaves, or other extreme events could interrupt operations or damage key assets.	Facility-level risk assessments; relocation planning; business continuity contingencies.
Physical	Chronic Climate Shifts	Long-term water stress and temperature changes may erode asset viability in vulnerable regions.	Early screening during due diligence; adaptation strategies integrated into sustainability plans.

Climate-Related Opportunities

Type	Opportunity	Strategic Implications	Response Strategy
Efficiency	Energy Efficiency	Reduced operating costs and emissions intensity; improved asset-level performance.	Sustainability KPIs linked to energy intensity; support for capex, audits, and process upgrades.
Energy	Renewable Energy Adoption	Lower exposure to carbon pricing and enhanced long-term energy security.	Green energy sourcing; relocation to energy-efficient buildings; portfolio-wide evaluation of renewable options.
Innovation	Low-Carbon Products	Competitive advantage and revenue growth through sustainability-linked product offerings.	Sustainability embedded in product development; strategic focus on clean tech sectors.
Markets	Sustainability as a Value Lever	Strong sustainability credentials can drive valuation premiums and attract LP interest.	Sustainability integration into due diligence, reporting, and exit planning; alignment with investor expectations and PRI principles.
Circular Economy	Recycling & Resource Recovery Businesses	Resource efficiency and waste reduction open up new revenue streams and respond to tightening regulations.	Invest in circular business models; implement closed-loop systems in product design and supply chain.
Employer Branding	Talent Attraction through Sustainability Leadership	Sustainability leadership attracts younger and mission-driven talent, especially in competitive sectors.	Promote internal sustainability integration; ensure transparent reporting; strengthen diversity & inclusion initiatives.

Emissions Reduction Measures

Our comprehensive approach to reducing our operational and portfolio-level emissions includes:



Energy Efficiency and Renewable Energy:

We are committed to enhancing energy efficiency and reducing carbon emissions across our portfolio. At J-CEP, initiatives include hybrid vehicles, car-sharing, and cycling promotion alongside a sustainably designed new office featuring heat-reflective glass, LED lighting, and natural ventilation, earning a 4-star rating from the Development Bank of Japan. We also encourage renewable energy adoption, with the APC Group working to integrate solar panels.



Water Management:

We prioritize the efficient use of water resources and promote best practices in water conservation by measuring and monitoring water consumption across our portfolio. For example, APC Group remains on course towards reducing energy and water intensity by 5% by 2026, compared to 2022 levels.



Waste Reduction:

We support our portfolio companies in setting ambitious waste reduction targets and adopting sustainable waste management practices. In 2024, FCL achieved a 11.1% reduction at its headquarters, saving ¥653,000 per year. The company's Nagano site reduced waste by 5.7%, saving ¥792,000 per year, and the Miyazaki site achieved a 5.2% reduction, saving ¥22,000 per year.

Greenhouse Gas Emissions

We recognize the importance of measuring and managing GHG emissions to reduce environmental impact, and address both regulatory and business risks. In 2023, we began groundwork for establishing Scope 1 and 2 emissions baselines across our portfolio. In 2024, we focused on validating data, identifying reduction levers, and integrating tracking systems into sustainability action plans to support decarbonization, and align with evolving stakeholder and regulatory expectations.

The Longreach Group (GP-Level) Emissions

Scope	Source	2023	2024
Scope 1 – Direct GHG Emissions	No direct emission sources	0.00	0.00
Scope 2 – Indirect Energy GHG Emissions	Purchased electricity	31.86	35.67
Scope 3 – Other Indirect GHG Emissions (Category 15: Investments)	Portfolio companies*	348.38	229.38
Total GHG Emissions (tCO₂e)		380.25	265.05

This table illustrates our calculated Scope 1, 2, and 3 (category 15: Investments) GHG emissions associated with our operations for the financial year 2024 (Jan. 1, 2024, to Dec. 31, 2024). We adopted the GHG Protocol Corporate Accounting and Reporting Standard for measuring and reporting on these emissions. Our total GHG emissions during this reporting period includes our Scope 1 and 2 emissions, which account for direct emissions from owned or controlled sources (including our Hong Kong and Japan offices) and indirect emissions from purchased energy, along with financed emissions from our Fund 3 and Fund 4 portfolio companies under Scope 3, category 15 (Investments), all measured as tons of carbon dioxide equivalent (tCO₂e). To calculate our Scope 3 financed emissions, we used the Financed Emissions Standard developed by Partnerships for Carbon Accounting Financials (PCAF), with reference to the guidance published by the Initiative Climate International (ICI) on 'Greenhouse Gas Accounting and Reporting for The Private Equity Sector guidance for Private Equity Financed Emissions.' Our Scope 3 total includes Scope 1 and 2 emissions of our portfolio companies. See appendix for detailed methodology.

*Scope 3 emissions for 2023 include only Fund 3 portfolio companies, while 2024 figures include both Fund 3 and Fund 4 portfolio companies.

Financed Emissions

Fund 3 and 4 emissions metrics offer insights into the carbon efficiency of our investments and enable Longreach to effectively manage our portfolio’s exposure to climate-related risks.

Fund 3 GHG Metrics	2023	2024
Financed Emissions (Scope 1 & 2) (tCO ₂ e)	13,242.67	8,651.40
Portfolio Carbon Footprint (tCO ₂ e/million US\$)	24.63	14.56
Weighted Average Carbon Intensity (tCO ₂ e/million US\$)*	31.17	31.94

Fund 4 GHG Metrics	2023**	2024
Financed Emissions (Scope 1 & 2) (tCO ₂ e)	N/A	65.21
Portfolio Carbon Footprint (tCO ₂ e/million US\$)	N/A	0.62
Weighted Average Carbon Intensity (tCO ₂ e/million US\$)	N/A	6.85

This table illustrates the total financed GHG emissions from Scope 1 and Scope 2 (market-based approach) during the 2023 and 2024 reporting periods. It also includes calculated metrics to assess the carbon footprint and intensity of our Fund 3 and 4 portfolios, including the portfolio carbon footprint and weighted average carbon intensity (WACI). See appendix for detailed methodology.

*Carbon intensity reflects the Portfolio in that period and is subject to fluctuations based on market conditions (including fluctuations in foreign exchange rates), as well as proportion of emission-intensive investments relative to the total asset under management (AUM). Excluding foreign exchange impacts, Fund 3’s Weighted Average Carbon Intensity decreased 7% in 2024.

**Fund 4 launched in 2024.

We calculate our GHG emissions based on industry standards, including:



Portfolio Spotlight

From Waste to Value-Driven Food Loss and Energy Reduction

In 2024, C-United achieved significant progress in environmental stewardship, focusing on food loss reduction, improving waste management, and enhancing energy efficiency. Through targeted operational improvements and strategic investments, C-United not only made progress towards its sustainability targets but also achieved substantial cost savings.

Key Achievements in 2024

1

Food Loss Reduction:

Achieved a 12.9% reduction in food loss per million Japanese yen sales compared to 2019 by optimizing milk operations, using eco-friendly stickers, and adjusting offerings to better match consumer preferences. This reduction in food loss resulted in a benefit of approximately ¥55 million.

2

Food Recycling Expansion:

Expanded food recycling to 101 stores (19 new locations), raising the recycling rate to 39%, substantially surpassing the 24% target. This was due to a reduction in the total amount of waste generated at stores, as well as a decrease in waste per unit of revenue, driven by an increase in average selling prices.

3

Electricity and Energy Efficiency:

Exceeded the electricity usage reduction target by almost twofold, cutting 596,000 kWh and invested ¥148 million in air conditioning upgrades and equipment replacement. The reduction in electricity usage is estimated to have resulted in annual savings of approximately ¥17 million.

4

Plastic Reduction:

Reduced plastic usage by 23.9 tons and saved ¥18 million through reusable cups and smaller drinking cups, plus an additional reduction of 0.3 tons from self-serve and biomass straws, saving about ¥0.3 million.



Social Impact & Our People

Longreach is committed to fostering a diverse and inclusive workplace, recognizing that our people are our greatest asset.

We believe that diversity of thought, background, and experience leads to stronger investment outcomes and broader social impacts. To track progress, we monitor and report on key human capital indicators, including employee diversity, community engagement, and health and safety performance.

As of December 31, 2024, Longreach employed 30 full-time professionals, supported by an additional team of 7 at Longreach Business Partners, and 12 external advisors.

People & Culture

Gender Equality

Longreach believes inclusive and equitable workplaces are key to strong financial performance. We work across our Firm and portfolio to ensure gender equality is a strategic priority, partnering with portfolio companies on tangible actions such as increasing female representation and cultivating supportive workplace cultures.

For example, J-CEP incorporates best practices that advance women's success in the workforce, including strengthening maternity and childcare leave policies and

operating an online portal offering resources tailored to women in the construction industry.

Training

Longreach provides annual sustainability training to all investment and operational professionals by partnering with APAC Advisors to emphasize responsible investment and accountability. In 2024, training covered sustainability fundamentals, company policy integration, and case studies focusing on managing material risks and opportunities across the investment lifecycle. Key topics included physical and transition climate risks, resource usage, labor practices, and governance.

We believe training is essential for employee development and extend this commitment to our portfolio companies. We encourage training programs covering a range of topics, from sustainability to employee wellbeing, ensuring that their employees benefit from opportunities for growth and learning. For example, Japan Systems & Blueship provided anti-harassment and mental health training sessions, specifically tailored for younger IT professionals to encourage open dialogue and provide practical well-being tools.



Employee Spotlight

In this interview, our Principal Yizhe Chen shares insights on the crucial role of human capital within our portfolio companies. With people at the heart of our investment approach, Yizhe shares how prioritizing employee well-being, development, and inclusive workplace culture strengthens both our sustainability commitment and business performance.

Q. As you reflect on your journey from Associate to Principal, what sustainability-related achievements are you most proud of, and how have they positively impacted the portfolio company or its stakeholders?

Yizhe: While some portfolio companies I oversee are still in the early stages of their post-investment value creation journeys, C-United is a particularly compelling example. Formed from the merger of three diverse café chains, C-United has achieved strong results by prioritizing employee well-being. Unique initiatives such as the “Coffee University” in-house training program and “Career-long Learning” for ongoing career development have driven measurable results, including lower employee turnover and record earnings. The recent launch of an in-house roasting facility staffed by employees with disabilities also highlights C-United’s proactiveness towards inclusion. To me, this represents an ideal example of sustainable, people-centered investing.

Q. What’s the one sustainability-related ‘lesson learned’ from a portfolio company turnaround that now informs your investment decisions?

Yizhe: One key lesson comes from investments such as Primo Japan, where strong employee loyalty supported successful international expansion. It showed me that human capital-driven growth is critical, especially in the labor-intensive sectors I focus on. Today, one of the key factors in my investment selection is whether labor shortages are limiting growth, as addressing that can unlock significant value. I also look for companies with strong talent reputations and the ability to attract and retain employees, as seen in Fund 4 portfolio companies such as Dr.stretch, J-CEP, and SNJ, where sound human capital management is already driving their business growth.

Q. How do you mentor associates on balancing sustainability imperatives with traditional financial targets?

Yizhe: I focus less on labelling things as “ESG” and more on understanding what’s really happening in the business, such as why customers choose a product, why they don’t, and what drives performance. Sustainability naturally comes to the surface when we dig into the core of those drivers. I encourage my team to engage with sustainability through deeper involvement in the business itself, rather than treating it as a separate add-on topic. At the same time, our proprietary Responsible Investment Toolkit also helps by highlighting material sustainability factors linked to business growth. I see it as a practical reference, much like a dictionary, that allows us to draw lessons and best practices from other portfolio companies to solve business challenges.

Social Impact of Investments

Longreach evaluates the potential social impact of our investments, including effects on local communities, labor practices, and human rights, as material factors during due diligence. When identified as material, these factors are rigorously assessed, reviewed together with leadership, and are subject to ongoing management and reporting throughout the investment period.

Portfolio Spotlight

The Business of Enhancing Employee Well-Being

By prioritizing employee health through structured programs, proactive education, and a supportive work environment, Wellness Communications not only enhances well-being but also strengthens organizational performance.

2024 Key Initiatives



Walking Event:

Employees participated in a walking event where team and individual achievements were rewarded with prizes and coupons. The team-based format fostered cross-department communications and encouraged healthy habits, such as taking short breaks, walking with colleagues, and increasing daily exercise.

Occupational Health Counseling:

All employees have access to one-on-one counseling sessions with an occupational health nurse, covering mental and physical health, workplace relationships, and job-related issues.

Mental Health Education & Awareness:

Training sessions and quizzes on self-care and managerial care were provided to emphasize the importance of mental health and equip employees with practical support strategies.

Community Engagement

We encourage our portfolio companies to support and engage with their local communities. As a best practice, we recommend establishing systems for employee giving and selecting local charitable organizations to receive donations. While specific initiatives differ across our portfolio companies, we collaborate with each company to identify and maximize opportunities for meaningful community impact.

Our Commitment to Charitable Giving

At Longreach, we care deeply about the communities where we live, work, and invest. Since 2020, we’ve made annual donations to charitable organizations across Japan and Hong Kong, supporting causes such as access to healthcare, childcare, food security, plastic reduction, environmental protection, and education. Giving back is more than just a responsibility—it’s a reflection of who we are and what we value.

2025 Recipients of Annual Donations

Teach For JAPAN



Previous Recipients of Annual Donations

2020	Japan: Japan Medical Association Hong Kong: Mother’s Choice Limited
2021	Japan: Red Cross Tokyo Hong Kong: Feeding Hong Kong Limited
2022	Japan: Red Cross Tokyo Hong Kong: Ecodrive Hong Kong Limited
2023	Japan: Teach for Japan Hong Kong: Feeding Hong Kong Limited
2024	Japan: Teach for Japan Hong Kong: Greeners Action

Human Rights and Labor Rights

Respect for human and labor rights is central to how Longreach evaluates and manages investments. We assess these considerations during due diligence and partner with portfolio companies to ensure legal compliance with applicable laws and alignment with recognized international standards.

Looking Ahead

In 2025 and beyond, we remain closely attuned to evolving global regulatory expectations, ensuring our strategy stays nimble and responsive to emerging disclosure and compliance requirements.



Progress Towards Setting Emission Reduction Targets

We have advanced our Scope 1, 2, and 3 GHG emissions calculation, establishing a robust foundation for target setting. With plans to expand Scope 3 coverage, Longreach is also exploring the adoption of a net-zero emissions target between 2040 and 2050, reinforcing our commitment to climate responsibility.



Integration of TCFD Recommendations into Long-Term Strategy

As we continue integrating TCFD recommendations into our long-term strategy, we are focused on enhancing scenario analysis, physical risk and transition risk assessment to deepen our understanding of climate-related risks and opportunities. Looking forward, we will advance targeted initiatives such as climate risk assessments, decarbonization plans, and adaptation strategies across our portfolio. These efforts reflect our commitment to responsible investment and position our businesses to thrive in an increasingly complex and climate-affected world.



Impact of Potential Regulatory Changes on Business Strategy

We view geopolitical, macroeconomic, and technological shifts as opportunities to enhance value across our Japan-focused, sector-diverse portfolio. In 2024, factors such as geopolitical tensions, labor shortages, digitalization, and climate-related policy changes shaped our strategy and investment performance. With regulatory changes such as carbon pricing and cross-border standards becoming more relevant for managing risks, we aim to position our portfolio companies to remain prepared, manage risks, and take advantage of opportunities.

SASB Index

Asset Management & Custody Activities

Topic	Metric	Category	Unit of Measure	Code	Longreach Disclosure
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Quantitative	Number, Percentage (%)	FN-AC-270a.1	(1) 0 (2) 0%
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Quantitative	Presentation currency	FN-AC-270a.2	\$0 US\$
	Description of the approach to informing customers about products and services	Discussion and Analysis	n/a	FN-AC-270a.3	Communicating Responsible Investment Strategy - Page 10
Employee Diversity & Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	Quantitative	Percentage (%)	FN-AC-330a.1	(a) Executive management Female : 9%; Age 30-40 : 18% 40-50 : 9% 50-60 : 46% 60-70 : 27% (b) Non-executive management Female : 20%, Age 30-40 : 40% 40-50 : 60% (c) Professionals Female : 22% Age 40-50 : 78% 50-60 : 22% (d) All other employees Female : 100% Age 30-40 : 29% 40-50 : 29% 50-60 : 29% 60-70 : 13%

Topic	Metric	Category	Unit of Measure	Code	Longreach Disclosure
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employs (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening	Quantitative	Presentation currency	FN-AC-410a.1	\$1.11 billion US\$*
	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies	Discussion and Analysis	n/a	FN-AC-410a.2	Responsible Investment Strategy - Page 6-9
	Description of proxy voting and investee engagement policies and procedures	Discussion and Analysis	n/a	FN-AC-410a.3	Responsible Investment Strategy - Page 6-9
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Quantitative	Metric tons (t) CO ₂ -e	FN-AC-410b.1	(1) 299.08 tCO ₂ e (Fund 3); 18.57 tCO ₂ e (Fund 4) (2) 8,352.32 tCO ₂ e (Fund 3); 46.64 tCO ₂ e (Fund 4)* (3) Not available
	Total amount of assets under management (AUM) included in the financed emissions disclosure	Quantitative	Presentation currency	FN-AC-410b.2	\$705.5 million US\$**
	Percentage of total assets under management (AUM) included in the financed emissions calculation	Quantitative	Percentage (%)	FN-AC-410b.3	53%***
	Description of the methodology used to calculate financed emissions	Discussion and Analysis	n/a	FN-AC-410b.4	GHG Emissions Reporting Methodology & Boundary - Page 24 & 25
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Presentation currency	FN-AC-510a.1	\$0 US\$
	Description of whistleblower policies and procedures	Discussion and Analysis	n/a	FN-AC-510a.2	Abiding by Our Code - Page 10

*The method used in last year's report has been adjusted for 2024, and onward, from total emissions to represent the proportion of emissions attributable to Longreach's equity ownership

**Asset under management consists of Fund 3 and Fund 4

***The amount included only covers the Net Asset Value of portfolio company deployed and does not include unused Fund 3 and Fund 4 capital commitment

Activity Metrics

Activity Metrics	Category	Unit of Measure	Code	Longreach Disclosure
Total assets under management (AUM)	Quantitative	Presentation currency	FN-AC-000.A	US\$1.34 billion
Total assets under custody and supervision	Quantitative	Presentation currency	FN-AC-000.B	US\$1.34 billion****

****All assets are under Longreach Group's control and supervision

TCFD Index

Category	Disclosures	Reference Location
Governance Disclose the organization's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities.	Page 11
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Page 11
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	Pages 14 & 15
	b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning.	Future Disclosure
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Future Disclosure
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	Pages 8 & 9
	b) Describe the organization's processes for managing climate-related risks.	Pages 8 & 9
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Page 7
Metrics and 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 organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 16 & 17
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Pages 16 & 17
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Future Disclosure

Appendix – GHG Emissions Reporting Methodology & Boundary

GHG Emissions Reporting Methodology & Boundary

As a private equity firm focused on Japan-related buyout opportunities in Asia, The Longreach Group operates from two main offices, Hong Kong and Japan. While Longreach has four funds, this report covers only Fund 3 and Fund 4, which have the largest AUM.

Scope 1: Direct Emissions

No Scope 1 emissions were generated under the operational boundaries of The Longreach Group in the reporting period, as our Hong Kong and Japan offices do not have any mobile fuel combustion, stationary fuel combustion or fugitive emissions data to provide.

Scope 2: Purchased Emissions

Our Scope 2 emissions consist only of purchased electricity consumption used for daily office operations.

Methodology

Equation 1: Purchased electricity carbon emission formula

$$E = D \times F / 1000$$

Where:

- E = Total carbon emissions from electricity use (tCO₂e)
- D = Total units of electricity consumed (kWh)
- F = Emission factor of CO₂ (kgCO₂e/kWh)

Electricity consumption data within the reporting period was provided by both offices in electricity units (kWh). Using Equation 1 and the total electricity consumed, total Scope 2 emissions were 35.67 tCO₂e.

Scope 3: Financed Emissions

Each portfolio company invested under Fund 3 and Fund 4 provided their total Scope 1 and Scope 2 GHG emissions and financial data, within the reporting period, to The Longreach Group.

Methodology

Equation 2: GP-level Financed Emissions formula:

$$\sum_F \text{Attribution Factor} \times \text{Fund Emissions}_F$$

Where, for unlisted equity:

$$\text{Attribution Factor} = \frac{\text{Outstanding Amount}_F}{\text{Total equity} + \text{debt}_F}$$

Therefore, the formula used:

$$\sum_F \frac{\text{Outstanding Amount}_F}{\text{Total equity} + \text{debt}_F} \times \text{Fund Emissions}_F$$

And it is noted that:

- F = Fund
- The outstanding amount of the portfolio company is equivalent to the value of equity and/or debt in the portfolio company.
- The attribution factor is equivalent to the percentage equity share held by the GP

Using Equation 2, the GP-level financed emissions calculations in Fund 3 and Fund 4 were 229.38 tCO₂e.

Fund 3 and Fund 4 GHG Emissions Calculations

Aside from the absolute financed emissions, the portfolio carbon footprint and weighted average carbon intensity (WACI) were also calculated for comparability of emissions between funds and alignment for other disclosure requirements.

The **WACI** measures the Fund 3's and Fund 4's exposure to potential carbon-intensive companies, expressed in tons greenhouse gas converted to carbon dioxide emissions using the greenhouse gas protocol per million US\$ revenue, written as tCO₂e/\$M revenue. This metric is recommended by Task Force on Climate-related Finance Disclosures (TCFD).

The **Portfolio Carbon Footprint**, also recommended by the TCFD, as well as the Hong Kong Securities and Futures Commission (SFC) disclosure is a measure of the total carbon emissions for a portfolio normalised by the value of the portfolio, expressed in tCO₂e / \$M invested.

GHG Inventory Boundary

In FY24, Fund 3 included five portfolio companies as of December 31, 2024. Fund 4 covered J-CEP and nobitel, while SNJ, which was invested in May 2024, will be included in our next year's Responsible Investment Report.

Methodology

Equation 3: Portfolio Financed Emissions formula

$$\sum_C \text{Attribution Factor} \times \text{PorCo Emissions}_C$$

Where, for unlisted equity:

$$\text{Attribution Factor} = \frac{\text{Outstanding Amount}_C}{\text{Total equity} + \text{debt}_C}$$

And it is noted that,

- c = portfolio company
- For unlisted equity, the outstanding amount is the outstanding value of equity that the financial institution holds in the private company. It is calculated by multiplying the relative share of the financial institution in the respective portfolio company by the total equity for the respective portfolio company according to its balance sheet.

Equation 4: Portfolio Carbon Footprint formula

$$\sum_C \left(\frac{\text{Attribution Factor} \times \text{PorCo Emissions}_C}{\text{Current Portfolio Value}} \right)$$

Where,

- c = portfolio company
- The Current Portfolio Value is the Fund's net asset value.

Equation 5: WACI formula

$$\sum_n^i \left(\frac{\text{Current Value of Investment}_i}{\text{Current Portfolio Value}} \star \frac{\text{Issuers Scope 1 and Scope 2 GHG emissions}_i}{\text{issuers \$M revenue}_i} \right)$$

Where,

- i = portfolio company
- The current value of investment is Fund 3's and Fund 4's valuation (i.e. the fair value) of each portfolio companies; and
- The Current Portfolio Value is the Fund's net asset value.

Using Equation 3, the attribution factor was first calculated using portfolio companies' financial data and multiplied by the total scope 1 and 2 emissions (market-based approach) of each portfolio company respectively. Using Equation 4 and Equation 5, the portfolio carbon footprint and WACI of Fund 3 and Fund 4 calculated.

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