

## **VinaCapital Asset Management Responsible Investment Policy**

### **Responsible Investment Policy Statement:**

VinaCapital Asset Management has long recognised that environmental, social and corporate governance (“ESG”) issues can have a significant impact on value creation across the investment cycle. We have adopted the following Responsible Investment policy to formalize our philosophy and processes of embedding environmental, social and corporate governance considerations across our investment activities.

In developing this policy, we have considered a range of codes and standards, including the United Nations-supported Principles for Responsible Investment, the IFC Performance Standards, and our internal policies.

## GLOSSARY

Key terms used and their definitions can be found in the table below:

Term	Definition
ESG	<p>Environmental, Social, and Corporate Governance refers to the three central risk pillars in measuring the sustainability and societal impact of an investment in a company or business.</p> <p>The environmental pillar focuses on impacts of a company on the environment, such as: energy use, resources depletion, deforestation, GHG emissions, waste and pollution.</p> <p>The social pillar focuses on the company’s relationship with people and society, such as: labour and working condition, diversity and inclusion, human rights, the health and safety of employees, local community.</p> <p>The governance pillar focuses on how the company is structured and how it operates, such as: corporate structure, transparency and reporting, ethics, compliance, shareholder rights, bribery and corruption.</p>
IFC	<p>International Finance Corporation is a leading international financial institution that offers investment, advisory, and asset-management services to encourage private-sector development in less developed countries. IFC provides a number of ESG benchmarks for identifying and managing environmental and social risk and has been adopted by many financial institutions globally.</p>
PRI	<p>Principles of Responsible Investing (PRI) is an investor initiative in partnership with the UNEP Finance Initiative and the UN Global Compact. It is the world’s leading proponent of responsible investment and works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.</p>
R&C	<p>Risk and Compliance</p>
Responsible Investing	<p>Responsible investing is a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership to generate sustainable, long-term risk-adjusted returns.</p>
VinaCapital Asset Management (“VCAM”)	<p>VinaCapital Asset Management includes entities which provide investment management to existing funds and managed accounts.</p>

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## 1. Introduction & Background

This Responsible Investment Policy (“Policy”) formalizes our philosophy and processes of embedding environmental, social and corporate governance (“ESG”) into our investment life cycle.

Founded in 2003, VinaCapital Asset Management (“VinaCapital”) is a long-term investor in Vietnam and aims to be a catalyst supporting Vietnam’s economic development. Our mission is to help our investors prosper by realizing Vietnam’s rich opportunities and deliver superior and sustainable risk-adjusted returns. We consider the management of environmental, social and governance issues as managing investment risks and important to the generation of long-term returns. Thus, improving the ESG performance of companies in our portfolio is an essential value-creating activity for the investments we make.

We are acutely aware of the challenges of investing in frontier markets, such as Vietnam, and the implications that such challenges have on the investments we make. For these reasons we do not consider a poor ESG rating as a reason not to invest if the company’s leaders understand that the management of ESG risks is essential to long term performance and sustainability, and if the company has a clear objective to improve its ESG performance. By investing in such companies, we aim to inspire and encourage management to creating stakeholder value by enhancing the company’s ESG performance. We therefore design different approach for engagement and encouragement with our investee companies to enhance their ESG performance.

In case any conflicts of interest arise in relation to this Policy, our fiduciary duty to clients will be the overriding principle for resolution, which will be done in line with our Conflicts of Interest policy.

## 2. Development, Oversight, and Implementation

This Policy has been developed in discussion with a working group comprising of representatives from the investment, portfolio management, risk & compliance, research, and business development teams. Feedback on practical issues during the investment lifecycle as well as context from investor discussions have helped formulate a realistic approach to responsible investing.

This Policy should be read in conjunction with the Investment Policies and other related polices of VinaCapital.

We recognize that our approach to ESG will require continuous review and enhancement. VinaCapital plans to set annual objectives for ESG initiatives and conduct a biennial review of performance against these objectives. Any updates required to this Policy will also be considered as part of this biennial review.

The existence of a successful ESG culture starts at the senior leadership level. Therefore, the CEO and CIO of VinaCapital Asset Management are responsible for the approval, oversight, and implementation of this Policy. All investment professionals are responsible for incorporating the ESG principles outlined in this Policy in their investment decision making and portfolio management processes. The ESG Department will lead and monitor the application of all ESG activities through policy development, annual objective setting & review, training, collaborative initiatives, and periodic engagement with teams.

### 3. Training

Effective implementation of an ESG policy starts with building awareness and capacity. Therefore, all VinaCapital staff and new hires will receive ESG training through an induction program and annual trainings. Refresher trainings will be provided to all staff on at least an annual basis. Additional training in the specific requirements of ESG plans and procedures that support ESG implementation will be provided, as appropriate for individual work assignments.

### 4. Reporting

VinaCapital will report the status of its ESG policies and initiatives in an annual ESG report produced within three months of year end.

### 5. Responsible Investment Framework by Asset Class

This section contains our approach to ESG integration across the different asset classes we invest in. Implementation will include detailed guidance notes developed to support investment cycles and decision-making processes.

#### 5.1. Screening and Research

- We do not invest in companies involved in the activities specified in the VinaCapital Exclusion List.
- We carry out ESG ratings for companies we might invest in to identify potential risks and have overview of their ESG performance.
- We identify and integrate material ESG factors into financial analysis and valuations.

#### 5.2. Investment Decision

- We undertake ESG Due Diligence for private equity and private fixed income investments.
- For private equity investments we identify opportunities for ESG improvement and the associated costs and benefits, and raise them with management before investing.
- Our Investment Committees and Risk Management Committee consider ESG risks in their assessment of opportunities.
- We prepare ESG action plans for private equity investments and ESG engagement plans for listed equity investments.

#### 5.3. Stewardship

- We carry out ESG review and ratings for companies in our portfolio periodically to identify any potential risks and improvements.
- We communicate with the management of listed companies we invest in and use our voting rights to improve their ESG practice and rating.
- We engage with the management of PE investments to improve company ESG performance and create incentives that reward ESG improvements.

**5.4. Exit**

- We exit investments where there is ongoing evidence of major ESG violations and/or the continuing failure to address identified ESG risks.

## Appendix 1: Exclusion List

Funds covered do not invest in companies involved in the following activities<sup>1</sup>:

- a. Production or trade in any product or activity deemed illegal under Vietnam laws or regulations or international conventions and agreements, or subject to international bans.
- b. Production, trade or use of weapons and munitions.
- c. Production or, trade of radioactive materials, except in respect to the purchase and use of medical equipment, quality control (measurement) equipment, and any equipment where the IFC considers the radioactive source to be trivial and/or adequately shielded.
- d. Production or, trade in unbonded asbestos fibers, except the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- e. Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- f. Commercial logging operations for use in primary tropical moist forest.
- g. Production or trade in wildlife products or other forestry products other than from sustainably managed forests.

### Notes

<sup>1</sup> This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

**Appendix 2: Voting Track Record Format**

Company Name	Meeting Date	Fund	Meeting Type	Agenda Item	Management Recommendation (For/ Against)	Vote Cast (For/ Against/ Abstain/ NA)	Rationale (when Against / Abstain only)