



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 approach to incorporating 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 including our Conflicts of Interest policy.

Prepared by:	ESG Analyst
Approved by:	CIO/AM CEO
Date:	December 2020
Version:	2.0
Policy number:	VCAM-RC-5210

GLOSSARY

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

Term	Definition
ESG	Environmental, Social, and Corporate Governance refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business
FMO	FMO is a Dutch development bank structured as a bilateral private-sector international financial institution.
PRI	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.
R&C team	Risk and Compliance team of VinaCapital
Responsible Investing	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
VinaCapital Asset Management ("VCAM")	VinaCapital Asset Management includes entities which provide investment management to existing funds and managed accounts.

Contents

1. Introduction & Background.....	4
2. Development, Oversight, and Implementation	4
3. Reporting.....	5
4. Key Principles	5
5. Responsible Investment Framework by Asset Class	6
5A. Listed Equity Investments: Active Strategies.....	6
5A.1 ESG Incorporation.....	6
5A.1.1 Screening	6
5A.1.2 Integration	6
5A.2 Stewardship	6
5B Listed Equity Investments: Passive Strategies	7
5C Private Equity Investments	8
5C.1 ESG Incorporation	8
5C.1.1 Screening.....	8
5C.1.2 Integration	8
5C.2 Stewardship	10
5D. Non-discretionary accounts.....	11
6. Version Control	11
Appendix 1: Exclusion List.....	12
Appendix 3: FMO Private Equity Toolkit	14

1. Introduction & Background

This Responsible Investment Policy (“Policy”) formalizes our approach to environmental, social and corporate governance (“ESG”) issues across the investment cycle for specific asset classes.

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 believe we can best serve our fiduciary duty to our clients as well as achieve our own long-term objectives when we incorporate ESG factors as part of our investment and portfolio management processes.

While we target to adopt best practices of ESG in our investment activities and among our portfolio companies, we also take a pragmatic approach realising the limitations of investing in developing markets. We therefore focus less on screening companies solely on ESG issues, and more on stewardship activities where we believe a patient timeframe and active engagement can improve outcomes. 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.

In 2018, we became a signatory of the United Nations Principles for Responsible Investment (“PRI”), and have adopted the 6 principles (“Principles”) as below:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active shareholders and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

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 sets out our framework for incorporating ESG into our investment activities for each asset class in section 5. Funds which invest in each such asset class will incorporate the relevant sections of this Policy, as well as any other specific guidelines relevant for the fund which may be mandated by investors or other fund documents.

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

We recognize that our approach to ESG will require continuous review and enhancement. VinaCapital plans to set annual objectives for ESG initiatives from 2021 and conduct an annual review of performance against these objectives. Any updates required to this Policy will also be considered as part of this annual review.

VinaCapital believes an ESG culture should start from senior leadership; and the CEO and CIO of VinaCapital Asset Management are responsible for the approval, oversight, and implementation of this Policy. However, 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 Analyst will act as a facilitator for all ESG activities through policy development, annual objective setting & review, training, collaborative initiatives, and periodic engagement with teams.

In order to promote awareness and adoption of this Policy internally across all teams and levels, we will conduct periodic training for employees on this Policy as well as related ESG topics on a semi-annual basis.

3. Reporting

VinaCapital will prepare an annual report of ESG initiatives and their incorporation in investment activities, including performance against objectives for the year for the Board of Directors of VinaCapital from 2021.

VinaCapital will also report annually to PRI on its activities for the year, and this report will be made publicly available on the PRI website. This report is required to be approved by the CEO prior to submission.

4. Key Principles

VinaCapital believes ESG considerations materially impact long term value creation and has therefore integrated ESG considerations into the investment decision making process across the firm. This is typically done through a combination of screening and integration strategies, where possible.

As stewards of our investors' capital, we systematically engage with our investee companies on ESG matters. Our engagement takes various forms including proxy voting, direct discussions with management, and educational initiatives, among others.

We prioritise such engagement based on a combination of factors including:

- a) The size of our holdings in the entity
- b) The materiality of ESG factors on such company's performance
- c) The adequacy of public disclosure on ESG factors/performance
- d) Any significant adverse event relating to the company

We also target to promote ESG and responsible investing through participation in industry events and discussions for knowledge sharing, policy development and advocacy. All such collaborations and engagements are pursued under the oversight of the AM CEO to ensure compliance with this Policy.

5. Responsible Investment Framework by Asset Class

5A. Listed Equity Investments: Active Strategies

This section is applicable to listed equity investments by funds actively managed by VinaCapital.

5A.1 ESG Incorporation

For active listed equity strategies, this is done through a combination of screening and integration:

5A.1.1 Screening

As part of the initial evaluation, each target company's activities will be screened against the exclusion list in Appendix 1 ("VinaCapital Exclusion List") by the investment team of the fund or the Research team. If a target company's activities are included in the Exclusion List, the investment team will cease any further evaluation of the investment opportunity.

However, a reasonableness test will be applied in cases where the investment team believes the activities of the target company have a significant positive development impact (for e.g., to the local community) that outweighs any issues due to activities in the VinaCapital Exclusion List. In such cases, when the development impact is seen to materially offset other concerns, specific approval from the Investment Committee or Investment Advisory Committee would need to be sought prior to further investment evaluation.

5A.1.2 Integration

If a target company passes the Screening against the VinaCapital Exclusion List, the Investment team will review ESG parameters applicable to the company to assess any material risks that arise and their potential impact on future performance.

For the companies covered by the internal research team, analysts will assign an ESG performance rating to companies covered using a proprietary framework incorporating 100+ data points. This is based on relevant information available from company disclosures, third party research, in-house research analysis and information gathered from direct engagement with the company. This rating will be updated annually by the research team, or more frequently in cases of any significant new disclosure by the company or information about any material incident in the public domain. The investment team will review and incorporate this rating in their investment decisions.

5A.2 Stewardship

We are active shareholders and believe in influencing corporate behaviour through engagement and responsible voting to improve investor outcomes. We use best efforts to ensure ESG related matters are highlighted, discussed, or voted upon at the board of directors and/ or shareholder meetings as relevant.

The core indicator of our engagement is our proxy voting at shareholder meetings of portfolio companies. Our objective is to vote on all proxies; however, we may choose not to participate in

meetings in certain instances including (i) where non-participation helps further governance objectives through restricting quorum, (ii) cost of participation is high as compared with size of the fund's holding, among others.

We always vote in the best interest of our shareholders, which entails maximising long-term value creation. We believe considering ESG issues while voting is fully aligned with this objective. We typically engage with companies prior to the vote in cases where we do not agree with the management recommendation. In cases where we vote against the management recommendation, we also communicate the rationale to company management. Each fund maintains a detailed record of its voting history, including rationale for said vote in the format included in Appendix 2. This record is available to shareholders upon request. This is covered in further detail in our Proxy Voting Policy.

We believe initiating systematic disclosure on ESG matters is often the first step to prioritising ESG matters and can influence the manner in which companies operate and make decisions. We therefore engage with portfolio companies on ESG disclosures in our interactions, especially in our fact-finding discussions with our research team. This also helps our investment teams integrate ESG information into our decision-making process.

The investment team and the research team actively track information in public domain about any material ESG incidents in relation to our portfolio companies and prioritise engagements with senior management in case of any serious incident.

One of our objectives is to drive ESG awareness in the ecosystem. We conduct and support educational initiatives which promote best practices in the same amongst our portfolio companies.

5B Listed Equity Investments: Passive Strategies

This policy section is applicable to listed equity investments by passive funds managed by VinaCapital.

For passive strategies, we focus on the stewardship aspect of responsible investing.

We are active shareholders and believe in influencing corporate behaviour through engagement and responsible voting to improve investor outcomes. We use best efforts to ensure ESG related matters are highlighted, discussed, or voted upon at the board of directors and/ or shareholder meetings as relevant.

The core indicator of engaged ownership is our proxy voting at shareholder meetings of portfolio companies. Our objective is to vote on all proxies; however, we may choose not to participate in meetings in certain instances including (i) where non-participation helps further governance objectives through restricting quorum, (ii) cost of participation is high as compared with size of the fund's holding, among others.

We always vote in the best interest of our shareholders, which entails maximising long-term value creation. We believe considering ESG issues while voting is fully aligned with this objective. We typically engage with companies prior to the vote in cases where we do not agree with the management recommendation. In cases where we vote against the management recommendation, we also communicate the rationale to company management. Each fund maintains a detailed record of its voting history, including rationale for said vote in the format included in Appendix 2. This record is available to shareholders upon request. This is covered in further detail in our Proxy Voting Policy.

The investment team and the research team actively track information in public domain about any material ESG incidents in relation to our portfolio companies and prioritise engagements with senior management in case of any serious incident.

One of our objectives is to drive ESG awareness in the ecosystem. We conduct and support educational initiatives which promote best practices in the same amongst our portfolio companies.

5C Private Equity Investments

This section is applicable to private equity investments by funds managed by VinaCapital.

In case of a private structured investment, the ESG review will be performed on the relevant company/ies in the group the investment is effectively creating an exposure to, as determined by the investment team. The relevant section of this Policy will be applied based on the asset class of such company/ies. For example: if such company is listed, the policy related to listed assets will be followed.

5C.1 ESG Incorporation

For private equity, this is done through a combination of screening and integration strategies:

5C.1.1 Screening

As part of the initial evaluation, a target company's activities will be screened against the exclusion list in Appendix 1 ("VinaCapital Exclusion List") by the investment team for the transaction. If a target company's activities are included in the Exclusion List, the investment team will cease any further evaluation of the investment opportunity.

However, a reasonableness test can be applied in cases where the Investment Director (or other transaction lead) believes the activities of the target company would have a significant positive development impact (for e.g., to the local community) that outweighs any issues due to activities in the VinaCapital Exclusion List, specific approval from the Investment Committee would need to be sought prior to further investment evaluation.

5C.1.2 Integration

If the target company passes the Screening against the Exclusion list, the investment team will undertake an ESG review to assess the company's compliance against the applicable requirements ("Requirements"). The Requirements include:

- (1) The applicable national laws on environment, health, safety, social issues, governance, and any standards established therein; and
- (2) The relevant IFC performance standards.

This review is undertaken using the FMO private equity toolkit. The FMO toolkit and the manual explaining the same is linked in Appendix 3

This exercise results in seven key outputs:

1. **E&S Risk Category**
The E&S Risk Category is determined by the sector and the type of investment. Investment type risks are associated with investments in existing operations, expansion of operations (brownfield) and greenfield actives. Examples of these are risks relating to scarce resources, land acquisition, resettlement, and indigenous people.
2. **E&S Management Score**
The E&S Management Score is determined by 16 indicators. The score indicates the level of E&S management quality at the investee company.
3. **Corporate Governance Score**
The Corporate Governance Score indicates the performance level of the portfolio company with regard to Corporate Governance. It is based on 13 Corporate Governance indicators.
4. **Business Integrity Alert**
The Business Integrity Alert is based on a combination of general and static risk factors of the investment, such as the sector or the state in which the company is located and investment specific risk factors such as the involvement of a Politically Exposed Person (PEP), state ownership, or senior staff of the investee being on sanction lists.
5. **Business Integrity Score**
The Business Integrity Score indicates the performance level of a portfolio company with regards to Business Integrity.
6. **Potential E&S Risks and Issues**
Relating to the E&S risk level, three types of risks are distinguished: sector risks, state issues, state-specific sector issues.
7. **E&S Opportunities**
E&S opportunities are actions that an investment company could undertake to potentially improve E&S, for example to strive for sustainable certification of the product produced. Furthermore, they might include Environmental and Social management performance improvements that could translate into financial benefits (e.g., energy savings, waste reduction etc.) or improve the exit opportunities

Based on whether the E&S Risk Category (1 above) is low/ medium/ high, a decision on whether an independent ESG risk assessment is required is made based on the following matrix:

Risk level	Description	Action required
Low	Business activities with minimal or no adverse environmental or social risks and/or impacts.	ESG assessment conducted by an internal team.
Medium	Business activities with potentially limited adverse environmental or social risks and/or impact that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures.	ESG assessment is conducted by an internal team or an external ESG consultant (as approved by the Investment Committee).
High	Business activities with potentially significant adverse environmental or social risks and/or impact that are diverse, irreversible, or unprecedented	Detailed ESG due diligence is required by an external ESG consultant.

When compliance with the Requirements cannot be demonstrated, a corrective action plan (“Corrective Action Plan”) must be agreed with the target company in order for the investment to proceed. The plan must specify all necessary actions to bring a target company into compliance. A target completion date for each specified action must also be agreed.

The target company must provide all requested information and the transaction lead in the investment team must have concluded that the target company is expected to meet the Requirements (with Corrective Action Plan if required) prior to the closing of the investment.

A summary of the ESG assessment, whether conducted by an internal review or independent consultant, and the Corrective Action Plan must be reviewed prior to closing of the investment by

- (i) the Risk Management Committee to ensure all relevant risks are considered and
- (ii) Investment Committee as part of the overall investment approval

Additionally, the Investment Director shall ensure that all investment agreements contain appropriate ESG representations, warranties, and covenants requiring that investee companies comply with the Requirements.

5C.2 Stewardship

We assign responsibility for all ESG matters to the Board of Directors of each portfolio company and discuss key ESG issues, objectives, and performance with the board on an annual basis.

The fund will also undertake an annual review of the ESG compliance of each investee company, including the status of implementation of any corrective actions. The benchmark for performance will be ongoing compliance against the Requirements. This will be based on disclosures made by the

company, with further independent review undertaken when required to obtain sufficient information to complete the review to the standard required.

We also seek to share best practices with and across portfolio companies on matters relating to ESG and will actively promote educational initiatives and collaborations for the same.

5D. Non-discretionary accounts

We encourage all non-discretionary accounts to comply with the section of this Policy applicable to the relevant asset class and such compliance with this Policy shall be appropriately documented in the Investment Management Agreement. We may accept clients that do not comply with this requirement on an exceptional basis, post approval from the AM CEO. In such cases, before acceptance of the mandate and each year thereafter, we shall formally assess whether accepting/retaining the mandate creates an unacceptable reputational risk to VinaCapital.

6. Version Control

This Policy will be reviewed annually or whenever there have been any significant changes or events that might significantly impact the Policy.

Version	Issue date	Preparer	Approver	Change from previous version
1.0	December 2018	R&C team	CIO/ Group COO	First issuance
1.1	April 2020	R&C team	CIO/ Group COO	Revision
2.0	December 2020	ESG Analyst	CIO/ AM CEO	Second Issuance

Appendix 1: Exclusion List

Funds covered do not invest in companies with below activities¹:

- 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 wood or other forestry products other than from sustainably managed forests.

Notes

¹ 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	Meeting Type	Agenda Item	Management Recommendation (For/Against)	Vote Cast (For/Against/Abstain/NA)	Rationale (when Against / Abstain only)

Appendix 3: FMO Private Equity Toolkit

The toolkit and the manual explaining the same are available in the attachments section of this file.

Investment	Investment stage	Number of review	Date of review	Business Integrity Alert	Compliance	Assessment	Management & Action Program	Organizational Capacity	Stakeholder Engagement	Monitoring
Company A	Portfolio	First	01/01/11	1	0	1	0	0	1	0
Company A	Portfolio	Second	01/03/12	1	1	0	1	0	0	1
Company A	Portfolio	Third	27/03/13	1	1	2	1	1	1	2
Company B	Portfolio	First	05/11/11	1	0	1	1	1	1	0
Company B	Portfolio	Second	05/11/13	1	1	1	1	1	1	2
Company C	Portfolio	First	18/11/10	1	0	1	1	1	0	0
Company C	Portfolio	Second	12/11/11	1	1	2	2	2	2	1
Company C	Portfolio	Third	12/12/13	1	2	2	2	2	2	2

Investment	Company B	E&S Risk, Management & Opportunities	Corporate Governance & Business Integrity	Link to relevant VC Guidelines
Investment stage	Portfolio	E&S Risk Category: (Most severe) E&S Management Issues: High	Business Integrity Alert: Medium	Score: 2/5
Assessed	01/01/2011	Environment & Social Opportunity Category: Medium	Business Integrity Score: High	Score: 4/5
Company	South Africa		Corporate Governance Score: High	Score: 4/5
Investment type	Equity			Score: 4/5
Sector	Mining and quarrying			Score: 4/5
Sub-sector	Mining of coal and lignite			Score: 4/5