

VinaCapital ESG Report 2024

Reporting period: 1 July 2023 – 30 June 2024



Table of Contents

Introduction

1. About VinaCapital

A message from our CEO	3
VinaCapital Group at a glance	4
Our milestones	5
Our ESG evolution	6
Recognition & Awards	7

2. Our approach to ESG

Identifying global mega trends	9
Identifying Vietnam's green agenda	10
Identifying relevant material topics	11
Plan for stakeholder engagement	13
Integrating ESG into our products	14

Appendices

- Appendix 1: Glossary
- Appendix 2: E&S Exclusion List

ESG integration in our investments

3. Responsible investing

How we apply responsible investing	16
How we conduct ESG screening	17
How we conduct ESG assessments	18
How we integrate ESG into our portfolios	21
<ul style="list-style-type: none"> • VOF • VVF • Case studies 	
How we engage with portfolio companies	30

4. ESG initiatives of Alternative platforms

VinaLiving	35
<ul style="list-style-type: none"> • Sustainable Design • The Thon 	
Energy and Infrastructure	37
VinaCarbon	38
Vietnam Logistics Platform	39
Venture Capital	40

ESG at VinaCapital Group

5. Governance

Our ESG governance structure	42
Our risk management system	43
Our Investor conferences	45

6. Environment

Climate Policy	47
GHG emissions	50
Financed GHG emissions	53

7. Social

Our employees	55
<ul style="list-style-type: none"> • Workforce composition • Talent management 	
Our Community	58
<ul style="list-style-type: none"> • Dialogue with the Government • Sharing knowledge with youth • VinaCapital Foundation 	

About this report

The ESG Report by VinaCapital Group (hereinafter referred to as “the Report”) provides stakeholders with material data and information regarding VinaCapital’s sustainability performance from 30 June 2023 to 1 July 2024. The content of this report is based on internal analysis and reliable documents and sources. Throughout the Report, terms such as “VinaCapital,” “VCG,” “Company,” or “We” refer to VinaCapital Group.

Readers should be aware that the report includes views and forward-looking statements. VinaCapital acknowledges that risks and uncertainties related to various factors could impact its future operating performance and business conditions. Therefore, we advise readers to use these forward-looking statements judiciously, as they may not necessarily reflect actual conditions in the future. The tables and charts in this Report present numeric data using standard English notation. Numerical values in the text also adhere to the English notational standard.



Chapter 1. About VinaCapital

Creating Prosperity Together

VinaCapital is passionate about Vietnam and its future. For over 20 years, we have been investing in the country and its people and participating in the development of this vibrant country. We are also investing *for* the country, working to make investment and financial planning more understandable and accessible to everyone.

At VinaCapital, responsible investment is integral to what we do. We are committed to integrating environmental, social, and governance (ESG) factors into our investment decisions, to better manage risk, and ultimately, to generate sustainable, long-term returns for our investors.

A message from CEO and Founding Partner Don Lam



I am delighted to share VinaCapital's Environmental, Social and Governance (ESG) Report 2024. It details the work we have done over the past year to further implement and integrate international ESG standards of measurement and reporting relative to our current and prospective investments, as well as what we have been doing within VinaCapital. Our achievements include:

- Expanded proprietary sustainable investment research tools and processes, including completing ESG scoring for all companies in our coverage universe.
- Record levels of engagement with portfolio companies.
- Our open-ended UCITS fund VVF receiving classification as Article 8 under the European Union's Sustainable Finance Disclosure Regulation (SFDR), which reflects the integration of ESG data and analysis in its investment process.
- Launching VinaCarbon, with the goal of investing in a diversified portfolio of carbon projects to generate high quality carbon credits, while positively impacting local communities and the environment.
- Provision of greater transparency around our own impact on the environment and creating an even better and more equitable workplace for our staff.

A large part of our work in this area involves influencing our portfolio companies to transform their corporate governance and gradually embrace Environmental and Social values which can benefit their businesses. This report includes relevant case studies that illustrate our approach.

ESG adoption in Vietnam is still at an early stage, just as it is in

many developing countries. Given so, we are seeing such great improvements with respect to ESG within just a few recent years, especially at the companies and projects in our investment universe. Senior corporate executives and entrepreneurs alike are increasingly recognizing the operational and financial advantages of adopting ESG standards and best practices.

Investments in Vietnam should always be viewed with a long-term perspective. That means taking a long view not only of their potential for high returns, but also for the benefits they can bring to the community and the impact they may have on the environment. Responsible investing is of paramount importance to fulfilling our mission of putting our investors and customers at the center of all we do. That is why we continue to wholeheartedly believe in promoting the value of integrating ESG in Vietnam and other developing markets, even in the light of some of the controversy it has recently attracted in the US and other developed markets.

There is always more work to be done around ESG. But VinaCapital's commitment to developing, implementing, and adhering to international standards and, in turn, helping Vietnam's economy continue to develop in a sustainable way, remains steadfast. The stakes of not doing so are too high, and we will continue to do all we can to generate returns for our investors by investing responsibly, and in the process, make our community a little bit better.

Sincerely,

Don Lam

VinaCapital Group at a glance

Vietnam's Most Diversified Investment Manager

Founded in 2003, VinaCapital is a leading investment management firm headquartered in Vietnam, with a diversified portfolio of approximately USD3.7 billion in assets under management. VinaCapital is the only company investing across all asset classes in Vietnam, managing a closed-end fund listed on the London Stock Exchange as well as several open-ended funds for international and local investors that are distributed through a variety of channels. The company also has partnerships with a number of international investors in hospitality, venture capital, energy and logistics.



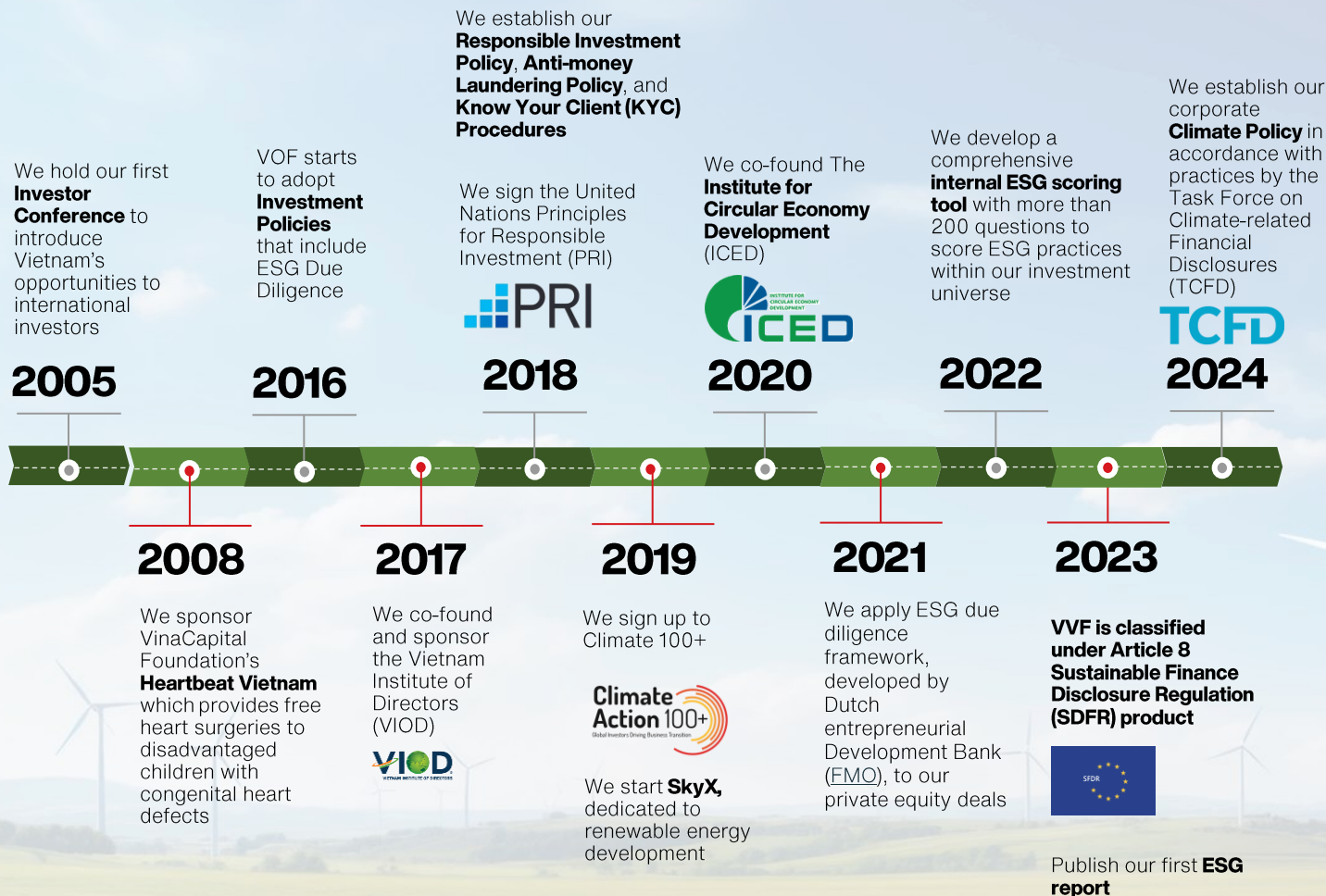
Mutual Funds & Investment Services	Alternative Investments
Listed & Private Equity, Fixed Income	Real estate (VinaLiving)
	Energy & Infrastructure
	Venture Capital
	Logistics
	VinaCarbon Climate Impact
	Private Equity Co-investment

Source: VinaCapital, Data as of September 2024

Our Business Development Milestones



Our ESG evolution



Recognition & Awards

VinaCapital is gratified to have been recognized by numerous organizations for our achievements that demonstrate our position as Vietnam’s leading investment management firm. The awards listed below are testament not only to our commitment to providing the best services and products to our clients but also to creating a vibrant and dynamic workplace for our employees. They also highlight our commitment to giving back to and being a catalyst for positive change in society.

- Obtained double EDGE Certificates (the first asset manager in Vietnam and second in the world to obtain)
- Awarded “Best Fund House – Vietnam” by Asia Asset Management in 2018-2020, 2023-2024
- Awarded “Best Equity Manager” in Vietnam by Asia Asset Management in 2023 & 2024
- Awarded "Asset management award of the year 2023" by Vietnam Investment Review and the Vietnam Wealth Advisors community under MPI
- Awarded “Most Responsible Investor 2022-2023” by the Pacific Basin Economic Council
- Awarded “Vietnam Leadership Excellence 2023” in the “People Champion” category by Anphabe
- The late Andy Ho named “Best CIO” by Asian Investor in 2024
- Thu Nguyen named “Top fund managers” of Euro Stars by Citywire in 2022, 2023 and 2024



Most Responsible Investor (2022-2023)



Asset Management Company of the Year (2023)



EDGE award ceremony (2023)



People Champion (2023)



International Real Estate Awards (2023-2024)



Chapter 2. Our approach to ESG

Growing Sustainably

At the heart of VinaCapital's philosophy is the recognition that managing ESG risks enhances long-term investment returns and sustainability.

In this chapter, we outline our methodology for selecting ESG materiality relevant to our business. This approach addresses the profound influence of global ESG megatrends on our organizational values and operational resilience, alongside our commitment to supporting Vietnam's Green Growth Agenda.

Identify global ESG megatrends

A New Wave of ESG Disclosure Regulations

The surge in ESG disclosure regulations is driving transparency and accountability.

The EU's Corporate Sustainability Reporting Directive (CSRD) builds upon the Non-Financial Reporting Directive (NFRD), imposing stricter sustainability reporting obligations on EU companies. Similarly, California's Climate Corporate Data Accountability Act mandates detailed climate-related disclosures to combat greenwashing. However, **differing regulatory approaches pose a risk of fragmentation.**

Global endorsement of the International Sustainability Standards Board (ISSB) as a universal benchmark marks a significant stride towards unified ESG disclosure.



In late 2023, starting with the EU, substantial progress was made in aligning reporting standards by ISSB and the European Financial Reporting Advisory Group (EFRAG). IOSCO, the Financial Stability Board, IMF, OECD, World Bank, and NGFS endorsed ISSB Standards in July 2023. At COP28, nearly 400 organizations and over 140 companies across 64 jurisdictions pledged to advance ISSB's climate reporting. The UK's Sustainability Disclosure Technical Advisory Committee is currently actively seeking input to align UK reporting requirements with ISSB standards. In Asia-Pacific, the GRI's collaboration with the IFRS Foundation to establish the Sustainability Innovation Lab (SIL) to promote regional sustainability reporting alignment and ISSB standard adoption.

VinaCapital has aligned its ESG performance measurement and disclosure practices with globally recognized standards. (See [SASB Content Index](#)).

Climate Risks To Take Center Stage

The Global Risks Perception Survey 2024 ([WEF, 2024](#)) highlights the **persistent risks of extreme weather and environmental hazards** across all time frames. **Climate change, once considered a future concern, now presents immediate challenges** for households, workers, and economies, with risks expected to escalate. For example, in 2023 major insurers withdrew from homeowner insurance markets in Florida and California due to these risks ([MSCI, 2024](#)). As extreme weather events become increasingly more common and severe, not only communities but also businesses will be significantly affected, necessitating climate risk assessments and operational adjustments.

In response to these challenges, governments worldwide are implementing policies to address climate change. These policies focus on **curbing greenhouse gas emissions** with the adoption of renewable energy, improvements in energy efficiency, and the bolstering of electric transportation.

VinaCapital acknowledges the importance of managing climate risks within its investment procedures. We have officially established our Climate Policy in alignment with TCFD and the Principles of Responsible Investment guidance. (See [Climate Policy](#)).

Identify Vietnam Green Growth Agenda

Finance for just transition



In 2023, Vietnam signed the Just Energy Transition Partnership (JETP) with International Partners Group (IPG), for funding up to USD15.5 billion to accelerate renewable energy output and for the phasing out of fossil fuels with strong commitment in “Just” transition.

The International Labour Organization defines “Just transition” as **“Greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind.”**

As climate change impacts worsen and the window for action closes, countries are intensifying efforts to decarbonize their economies, which can be costly for

workers and society. Amid these changes, the concept of a just transition is gaining momentum.

Despite being one of the fastest-growing economies and large agri-product exporters, Vietnam’s economy relies heavily on fossil fuels and traditional agricultural practices, which depend on chemical fertilizers and pesticides. This poses challenges for climate change mitigation. To transition to a low-carbon economy agriculture, Vietnam needs investments of 6.8% of GDP or USD 368 billion by 2040.

To support the momentum, VinaCapital has evaluated investee companies on GHG emissions, valuing those with GHG reduction initiatives and strong employee training for a “Just” Transition.

At VCG, we have established our Corporate Climate Policy in alignment with this momentum.

Improve ESG disclosure

Vietnam’s government has made the following efforts to improve ESG disclosure of Vietnamese companies over the years:

- Starting in 2021, Vietnamese publicly listed firms are required to submit sustainability data (Circular No. 96/2020/TT-BTC).
- In 2022, a workshop guiding companies in creating climate-related financial disclosures aligned with TCFD recommendations was organized.
- In August 2023, the State Securities Commission of Vietnam (SSC) and the International Finance Corporation (IFC) introduced a manual for greenhouse gas (GHG) emissions inventory and reporting.

In recent years, an increasing number of Vietnamese companies have voluntarily adopted global ESG disclosure standards.

Thanks to these efforts, VinaCapital has efficiently utilized our internal ESG scoring tool to assess a growing number of companies using the expanding pool of publicly available data.

Identify relevant material topics to us

Why do we identify our ESG material topics?

Identifying our Environmental, Social, and Governance (ESG) material topics is crucial because the sustainability-related risks and opportunities differ across industries. **By pinpointing the most relevant sustainability-related risks specific to our industry, we can make an impact that truly matters.**

We follow a structured three-step process:

Identification: We compile a list of ESG topics using resources such as SASB, B Lab’s SDG Action Manager, and the Future-Fit Business Benchmark.

Prioritization: Key topics relevant to our industry are identified using SASB and those most frequently inquired about by our clients during due diligence. Additionally, we pay

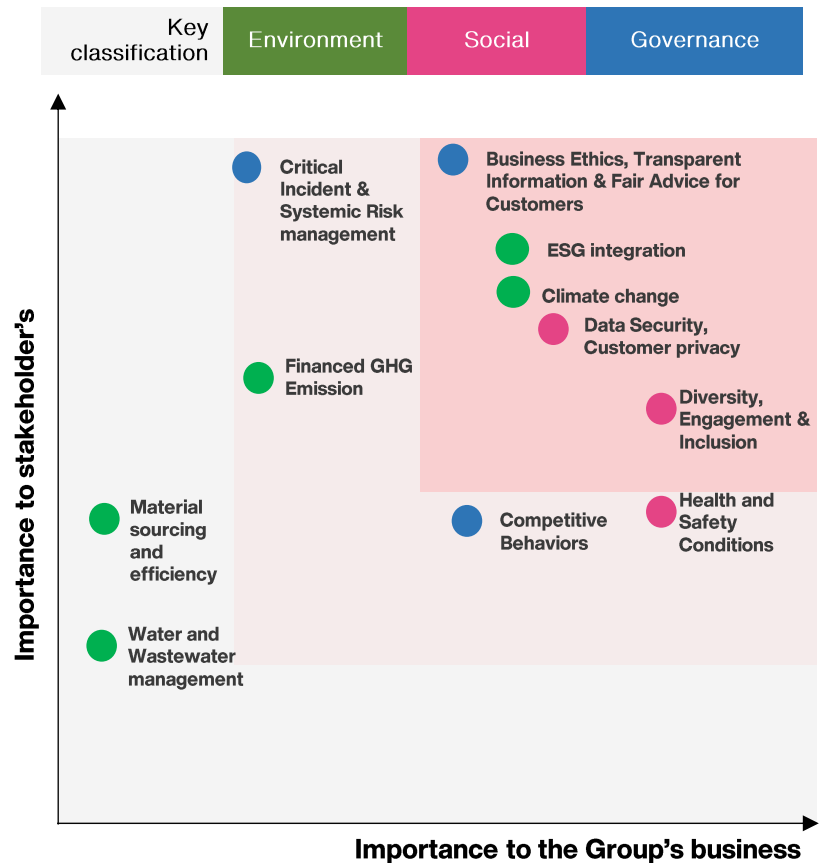
attention to global mega trends as well as Vietnam’s agenda.

Validation: Before public disclosure, these topics undergo review by VCG’s internal teams specializing in ESG, research, risk, and compliance. Our board then validates them to ensure alignment with our business strategy, ensuring transparency and accountability in our operations.

After conducting the above steps, we identified our most relevant material ESG topics as:

- **Business Ethics, Transparent Information & Fair Advice for Customers**
- **ESG integration, Climate change**
- **Data Security, Customer privacy**
- **Diversity, Engagement & Inclusion**

Figure 2.1: ESG material topics matrix

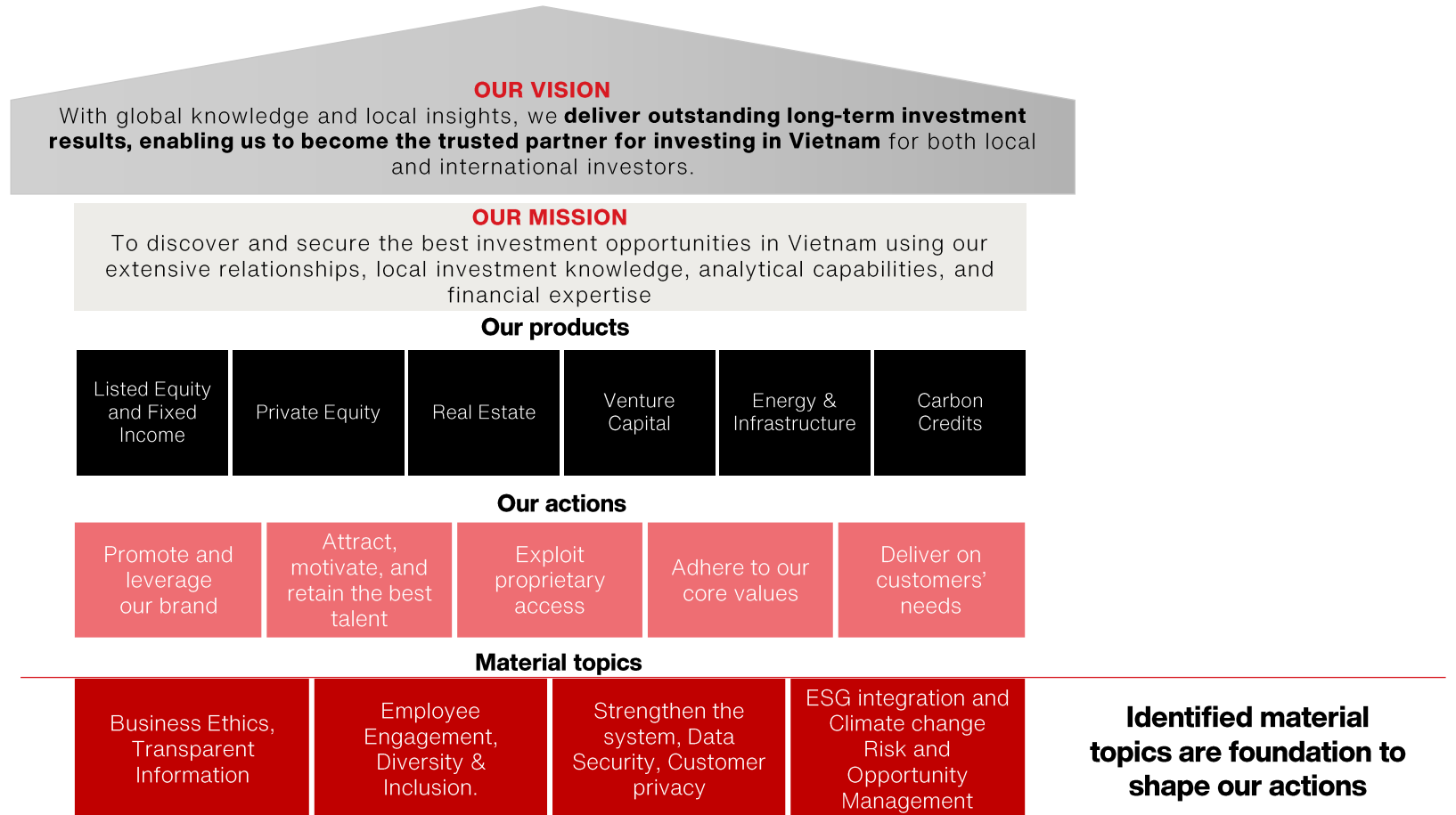


Source: VinaCapital

Identify relevant material topics to us continued

Based on the material topics identified, we can determine actions to achieve our ESG Vision and Mission.

Figure 2.2: ESG material topics matrix



Source VinaCapital

Plan for stakeholder engagement

By actively involving stakeholders, VinaCapital aims to enhance its ESG performance and create long-term value

VinaCapital's Stakeholder Engagement Plans involve various parties and corresponding engagement methods.

- **Shareholders:** we have channels that allow for communication, transparency and alignment with shareholder interests.
- **Portfolio Companies:** For asset managers, VinaCapital conducts business meetings and site visits. These interactions help build relationships, assess performance, and ensure alignment with ESG goals.
- **Employees:** VinaCapital focuses on training activities, seminars, and annual staff conferences to engage and develop employees. These initiatives promote awareness, skill development, and a positive work environment.
- **Community:** By providing vocational training and educational opportunities, VinaCapital contributes to community development.
- **Government/regulators:** VinaCapital complies with regulations by preparing regulated report, and ensures transparency, accountability, and adherence to governance standards. We also collaborate with ministries and agencies to promote sustainable investment and economic growth, policy reform, and educational events.

Figure 2.3: Stakeholder Engagement methods

Stakeholders	Engagement method	Reference in the report
Shareholders	Reports Announcements General and other shareholder meetings Company websites Quarterly webinars	Annual Investor Conference
Portfolio Companies	Business meetings Site visits AGMs/EGMs Correspondence	AGM Voting in Numbers Engagement in Numbers Engagement Case studies
Employees	Training activities, seminars, Annual Staff Conference Quarterly internal newsletter	Employee programs
Community	Community event Training, knowledge sharing, VinaCapital Foundation activities	Sharing knowledge with the younger generation
Government, regulators	Regulated Reports Email, written or electronic correspondence Forum discussions	VinaCapital facilitates dialogue with authorities to capitalize on opportunities in Vietnam

Integrating ESG into our investment products



Brook Taylor

CEO, Asset Management



At VinaCapital, we are dedicated to responsible investment by incorporating ESG factors into our processes. This approach enables us to manage risk effectively and achieve sustainable, long-term returns. Ultimately, it supports our primary responsibility: helping our clients reach their financial goals, as their success is our success.



We manage various types of investments and offer different products to our customers. Each product varies in how it incorporates ESG considerations.

Figure 2.4: ESG integration by product

Responsible investing at our funds	ESG initiatives at our alternative platforms
<p>Listed equity, private equity, and fixed-income funds, including</p> <p>On-shore funds:</p> <ul style="list-style-type: none"> VinaCapital Equity Special Access Fund (VESAF) VinaCapital Equity Opportunity Fund (VEOF) VinaCapital Enhanced Fixed Income Fund (VFF) VinaCapital Liquidity Bond Fund (VLBF) VinaCapital Insights Balanced Fund (VIBF) VinaCapital Modern Economy Equity Fund (VMEEF) <p>Off-shore funds:</p> <ul style="list-style-type: none"> VinaCapital Vietnam Opportunity Fund (VOF) VinaCapital Vietnam Fund (VVF) VinaCapital Vietnam Access Fund (VAF) 	<ul style="list-style-type: none"> VinaLiving Energy and Infrastructure Ventures capital Logistics Carbon credits

Chapter 3. Responsible investing

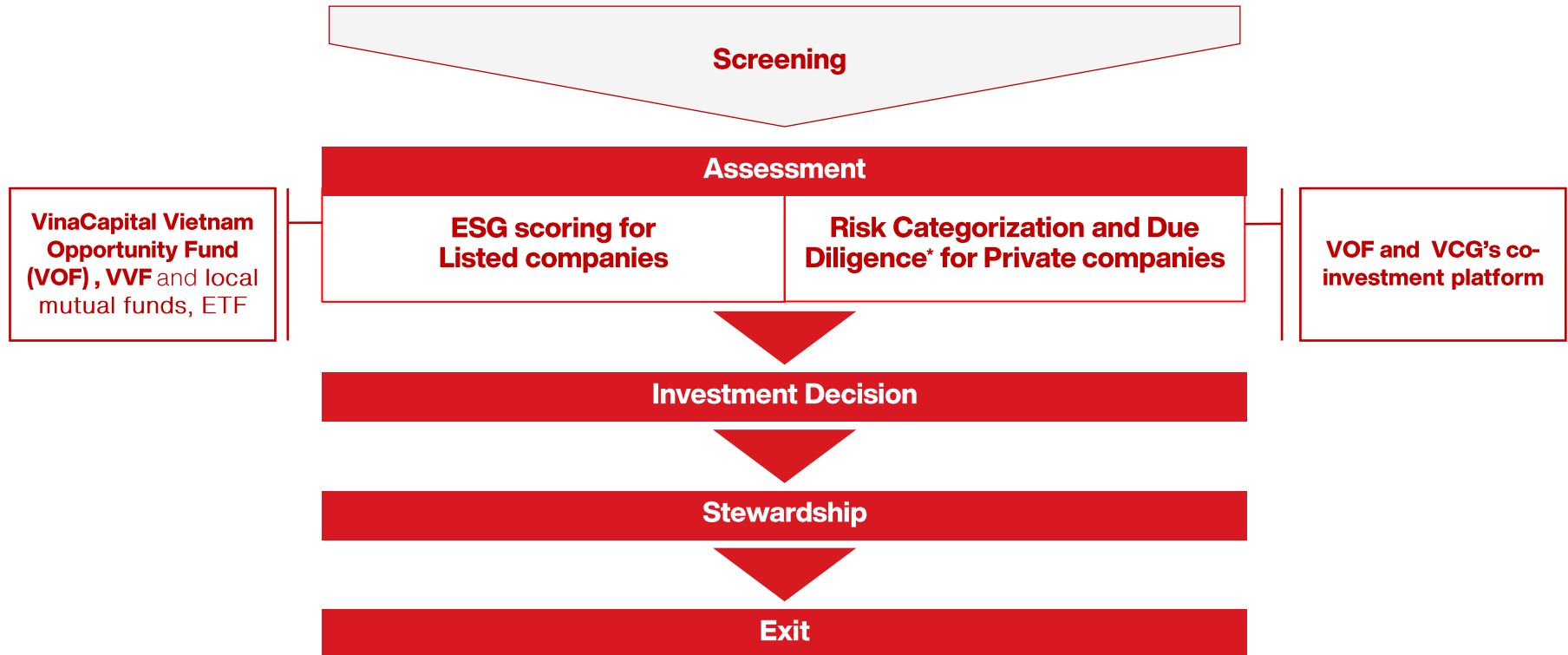
Responsible investment is something we always strive to achieve, and our internal processes incorporate environmental, social and governance (ESG) factors into investment decisions to better manage risk and generate sustainable, long-term returns.

This chapter offers insights into how VinaCapital evaluates and selects investments based on rigorous ESG criteria, ensuring alignment with global standards while catering to the distinctive dynamics of the Vietnam market.

How we apply responsible investment policy and framework

VinaCapital has been a signatory to the UN Principles for Responsible Investment since October 2018. We have continuously updated our Responsible Investment Policy to adopt the responsibility of a signatory. Our approach for listed equity investment follows the globally recognized standards for responsible investment:

Figure 3.1: Illustration of an overarching approach to ESG integration in Listed Equity, Private Equity



*ESG due diligence is required when business activities pose medium to high environmental and social risks. Refer to risk categorizations and detailed due diligence levels in the Appendix 3.

How we conduct ESG research and screening



Alongside screening for financial factors, we have an ESG screening mechanism (Figure 3.2).

In our initial evaluation, we first screen a company’s business activities against our exclusion list. If the company is listed, we discontinue further evaluation. Next, we assess corporate governance risks, focusing on traceability, transparency, management capability, and ethics. Finally, we prioritize companies with strong ESG practices for inclusion in our portfolio.

Our equity funds have **0** investments in companies having exposure to UNGC violations

Source VinaCapital

Figure 3.2: Illustration of our ESG screening mechanism

Listed and Private companies



Our investment universe

How we conduct ESG assessments

ESG scoring methodology applied for Listed equity

Why did we develop our internal ESG scoring system?

Our internal ESG scorecard was developed due to the unique features of the Vietnam stock market. As a frontier market, major global ESG rating providers like Bloomberg, MSCI, FTSE, Sustainalytics, and S&P do not offer complete coverage of the Vietnam stock market. Although initiatives like the Vietnam Sustainability Index (VNSI) exist, their coverage and publicly available ESG scores are still limited.

What is our ESG scoring methodology?

The ESG assessment tool or ESG scorecard we use was originally developed by Sustainability Advantage, drawing from B Lab's SDG Action Manager and the Future-Fit Business Benchmark. We tailored it to fit to the characteristics of the Vietnam market.

Research analysts generate an ESG score based on data collected from websites, publicly available information, interviews, site visits and meeting with top management of companies.

The ESG scorecard is based on a scale of 100, with 220 questions covering 20 themes of E, S and G, including management/corporate structure; business ethics; energy, water, pollution, waste management, and Greenhouse Gas emissions; biodiversity; employee related issues such as wages, health, employment conditions; and community impact, etc.

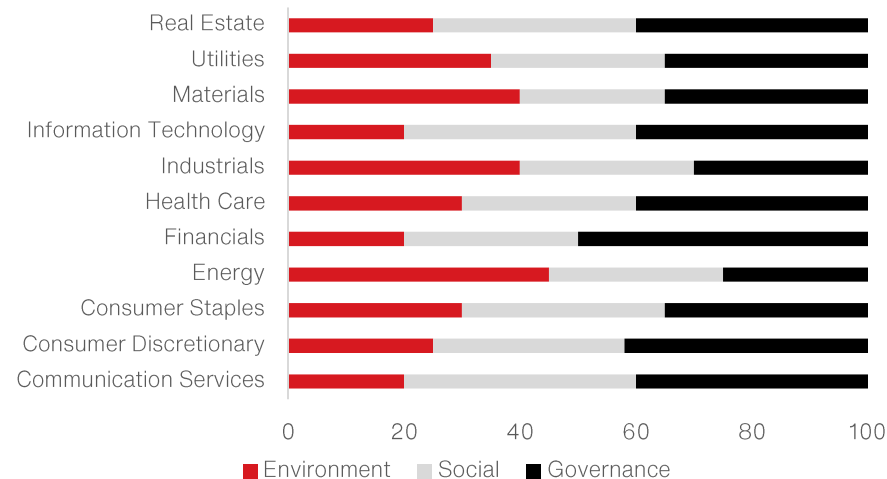
Based on ESG scoring results, we **classify companies into the following categories:**

- **ESG Score \geq 70:** companies with the best ESG performance.
- **ESG Score \geq 50:** companies with good ESG performances but need engagement/encouragement to improve some aspects.
- **ESG Score $<$ 50:** companies with poor ESG performance. Special attention needed for buy/hold decisions. Strong engagement with the company is strongly recommended to improve ESG performance.

Our Enhancement: There were two significant changes from our last ESG report published in September 2023:

- We have enhanced our ESG analysis. Previously, the weightings between environmental (E), social (S), and governance (G) components were evenly distributed, with each component accounting for 33.33% across all sectors. Recognizing that each sector has different ESG materiality, we have adjusted these weightings. This allows for a more practical comparison of ESG performance across sectors. (See the adjusted weighting below).
- Our ESG scores are now stored digitally and tracked within our Portfolio Management System (PMS).

Figure 3.3: Weight per sector



Source VinaCapital, as of May 2024

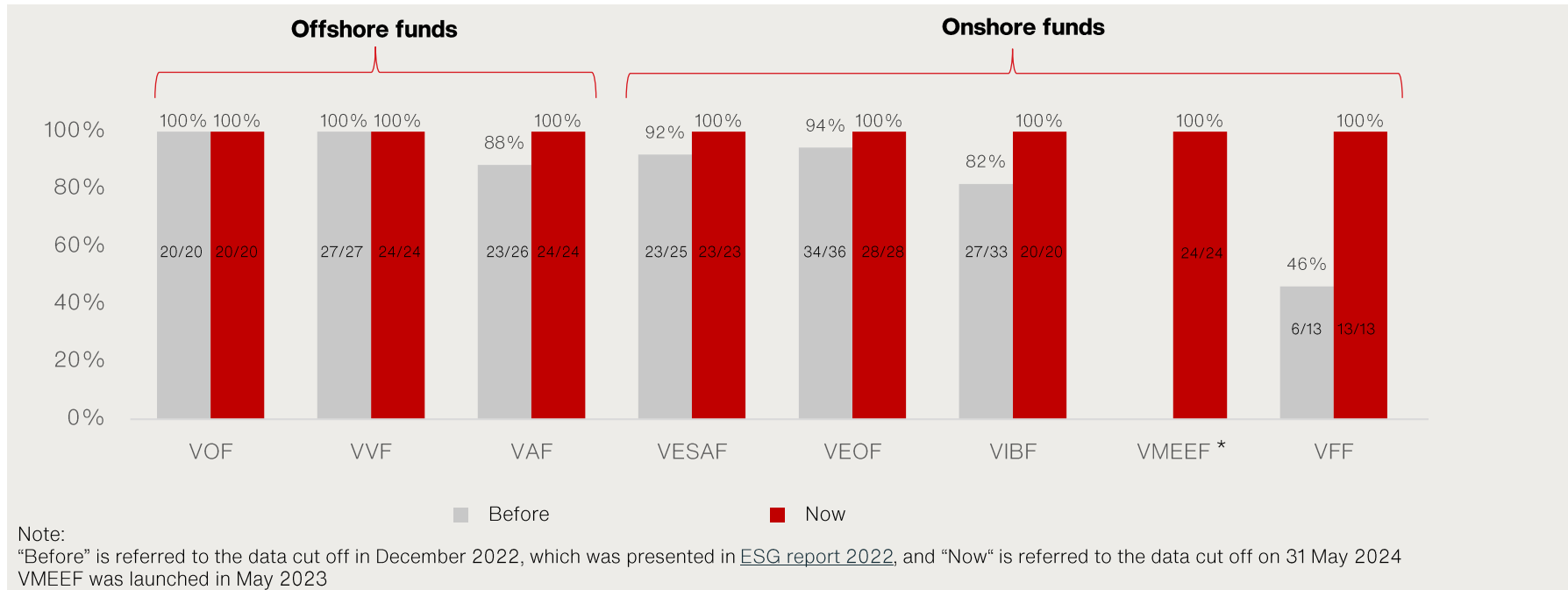
How we do ESG assessment?

ESG scoring coverage

This year 100% of companies in VCG's listed investment universe are assigned an ESG Score.

- All nine funds achieved 100% ESG coverage of their portfolios, an increase from 80% last year.
- Two offshore funds (VOF and VVF) continue to achieve 100% ESG coverage

Figure. 3.4 ESG Score coverage (%) in individual funds before and now



Source VinaCapital, data as of May 2024

“

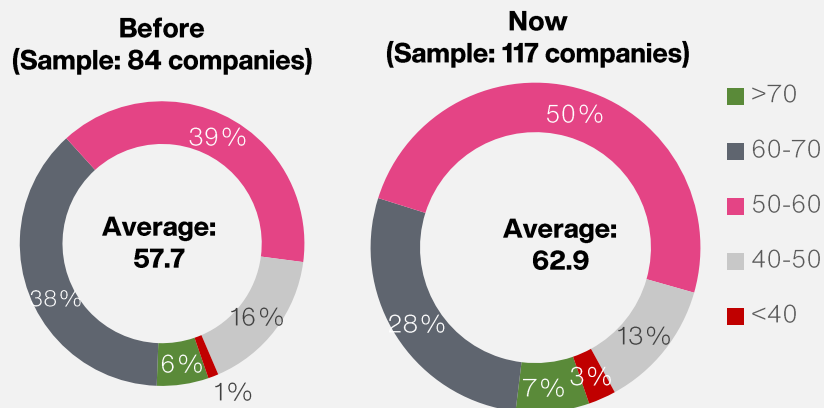
How we conduct ESG assessments

ESG scoring coverage

The average ESG score of our listed investment universe increased from 57.7 to 62.2, signaling improvements in ESG performance, mainly driven by:

- Enhanced sustainability disclosures by companies, including adherence to GRI standards, publication of sustainability policies, and inclusion of GHG emissions data.
- Top management is increasingly more open to discussing ESG topics during business updates.

Figure 3.5 ESG score distribution of VCG’s investment universe comparing Before and Now



Note: “Before” referred to the data cut off in December 2022, which was presented in ESG report 2022, and “Now” referred to the data cut off on 31 May 2024

Figure 3.6: Top 10 best ESG performances in our listed investment universe

#	Company	Logo	Ticker	Sector	ESG Score
1	FPT Corporation		FPT	ICT	81.8
2	Imexpharm Pharmaceutical		IMP	Pharmaceuticals	73.9
3	Asia commercial bank		ACB	Bank	72.8
4	Mobile World		MWG	Retail	71.8
5	Gemadep		GMD	Logistics	71.1
6	Vietnam Dairy Products		VNM	Dairy	70.8
7	FPT Telecom		FOX	Telecom	70.3
8	Century Synthetic Fiber Corp.		STK	Textile	68.0
9	Nam Long Group		NLG	Real Estate	67.9
10	Vietinbank		CTG	Bank	66.8

Source: VinaCapital; Data as of May 2024

How we integrate ESG in our portfolios ESG scores vs. the benchmark

VCG's funds have consistently outperformed their benchmark VN-Index, but how do they fare on ESG compared to the broader market?

How do we select a benchmark for evaluating our fund's ESG performance?

Due to resource constraints, ESG Scores are not assigned to all the approximately 1,600 stocks listed on the VN-Index. Instead, we have opted to use VCG's listed investment universe as our benchmark, which comprises 117 listed companies. This universe represents 90-95% of the Ho Chi Minh Stock Exchange by market capitalization, offering a thorough snapshot of the overall Vietnam stock market landscape.

ESG Score Benchmark

$$= \sum_{k=0}^n (\text{Company's ESG Score}_n \times \% \text{ Market Capitalisation}_n)$$

Each listed equities fund typically holds 20-30 stocks. During the reporting period, we assessed the ESG performance of each fund based on their respective ESG scores; each individual fund is benchmarked against VCG's investment universe.

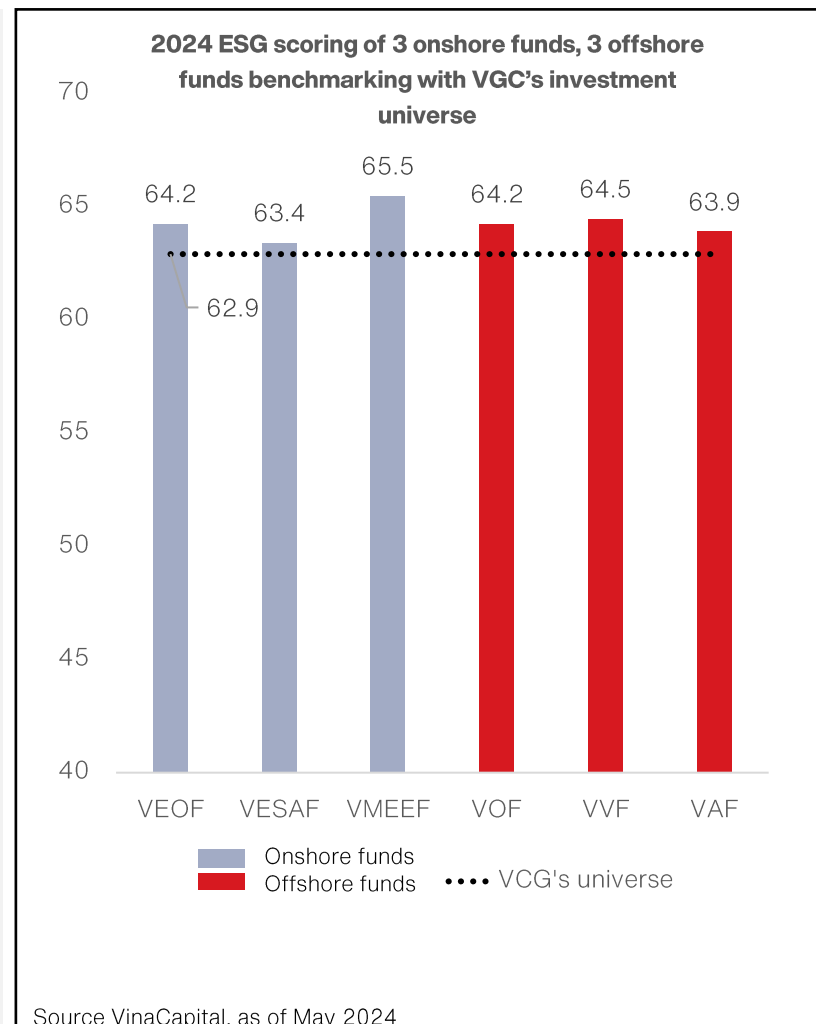
All equity funds here, including three onshore funds (VEOF, VMEEF, VESAF) and three offshore funds (VOF, VVF, VAF) achieved higher ESG scores than the benchmark.

Fund's ESG Score

$$= \sum_{k=0}^n (\text{Company's ESG Score}_n \times \% \text{ weight}_n)$$

Note: %Weighting and %Market capitalization are cutting off as of 31 May 2024

Figure 3.7: 2024 ESG scoring of VCG's equity funds benchmarking with VGC's investment universe



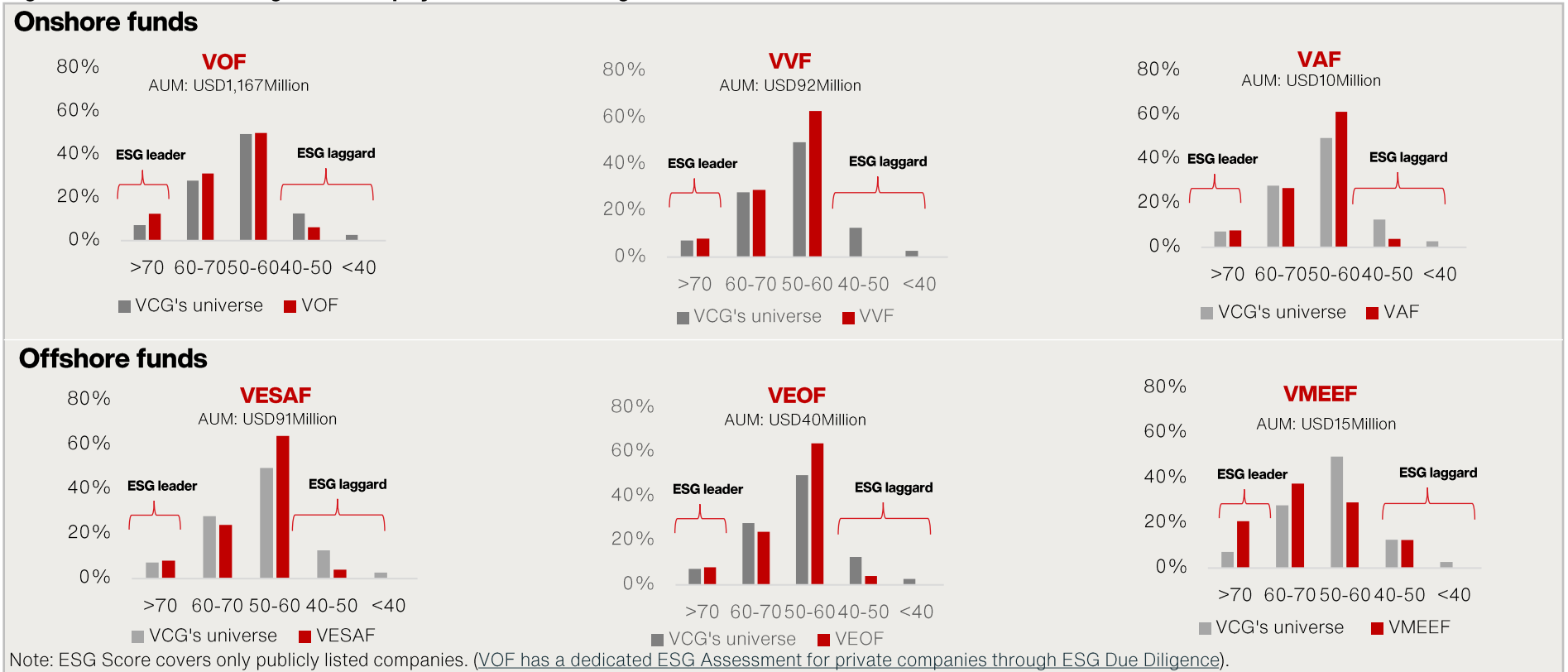
Source VinaCapital, as of May 2024

How we integrate ESG in our portfolios

ESG score distribution

- Based on VinaCapital's ESG Score criteria, companies with scores above 70 are ESG leaders, while those below 50 are ESG laggards. Generally, **VCG's funds hold fewer ESG laggards and more ESG leaders** compared to the benchmark.
- VOF and VMEEF predominantly hold ESG leaders**

Figure 3.8: 2024 ESG scoring of VCG's equity funds benchmarking with VCG's investment universe



Source VinaCapital, data as of May 2024

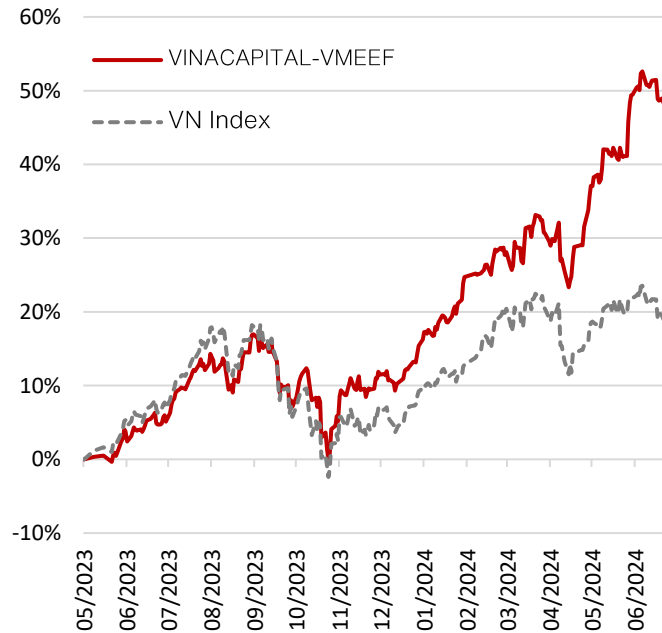
How we integrate ESG in our portfolios

ESG score distribution

VMEEF, established on 4 May 2023, has the highest ESG score (65.47) and outstanding return compared to VN Index.

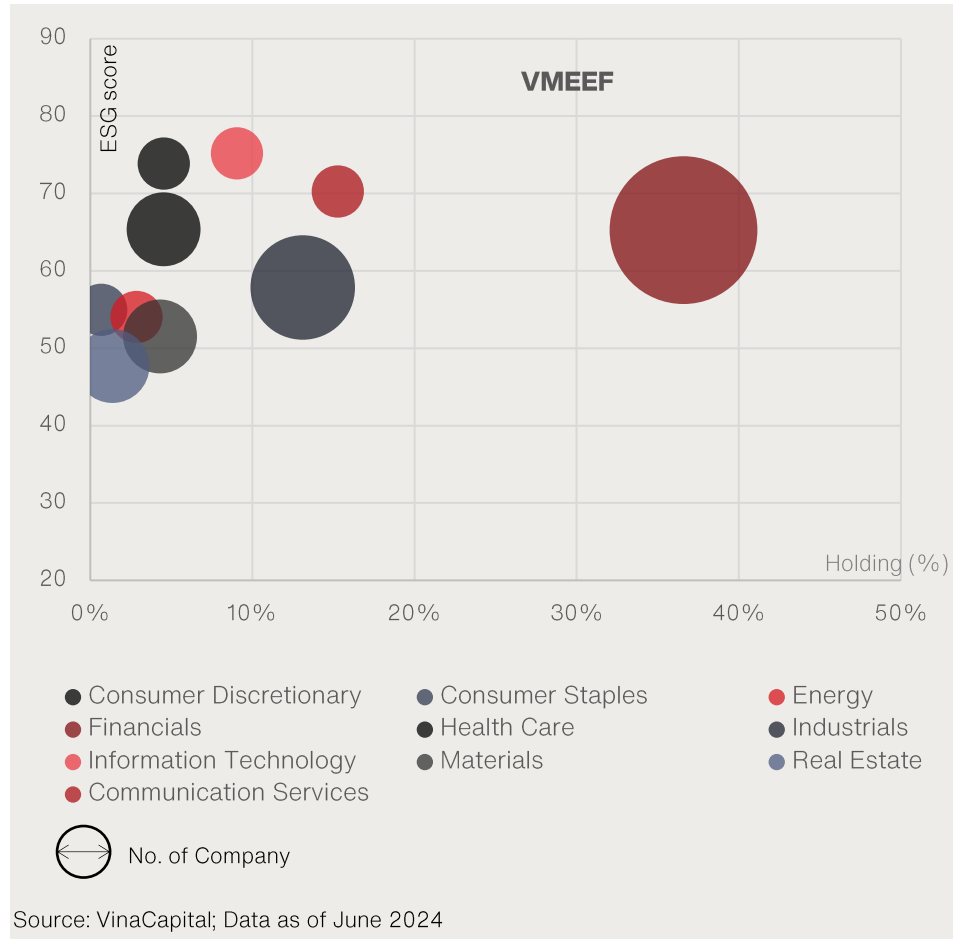
The fund's investment philosophy targets stocks with solid long-term revenue and profit growth prospects backed by urbanization, middle-class expansion and digitalization. It has a major allocation in the Financials and IT sectors, which generally have high ESG scores.

Figure 3.9: VMEEF performance



Source: VinaCapital; Data as of June 2024

Figure 3.10: VMEEF ESG score and % holding per sector



Source: VinaCapital; Data as of June 2024

How we integrate ESG in our portfolios

VOF - ESG best practices for Private equity

VinaCapital Vietnam Opportunity Fund (VOF) is listed on the London Stock Exchange and is focused on public and private equity, undervalued assets, privatized assets, property, and private placements in Vietnam. In addition to investing in listed equities, where VOF's ESG score (64.29) consistently exceeds the benchmark (62.9), VOF has conducted ESG due diligence aligned with international best practices to manage ESG risks in private companies. VOF's ESG Due diligence is conducted following [ESG framework developed by Dutch Entrepreneurial Development Bank \(FMO\)](#).

From the implementation of the Responsible Investment policy in 2018 to 30 June 2024, VOF conducted ESG due diligence for our deals, of which 35% was by third-party consultants and 65% was by internal experts.

The investment team integrates key ESG metrics into their analysis and valuation models and ensures that all investment agreements include appropriate ESG representations, warranties, and covenants.

VOF assigns responsibility for all ESG matters to the Board of Directors of each portfolio company and discusses key ESG issues, objectives, and performance with the Board annually.

Case study:

Ngoc Nghia Industry Service Trading (NNG), in VOF's portfolio from 2019 to 2021 NNG, founded in 1993, is Vietnam's leading producer of plastic packaging, specializing in polyethylene terephthalate (PET) packaging for the food and beverage industry, as well as home and personal care products. In late 2019, NNG's financial health was poor due to unsuccessful expansion into other sectors. At that time, VOF invested in a minority stake in NNG under terms that granted us two board seats, allowing us to influence the NNG's core business:

- **Corporate governance:** bring in professional managers to support the company's growth and establish talent management programs that extend beyond traditional family business practices.
- **Environmental and safety protection:**
 - We invested in facility renovation, where we replaced the old machinery and equipment with new energy-efficient and cutting-edge technology ones.
 - We established lean production and standardized maintenance programs, improving the workplace safety.
 - We installed roof-mounted solar panel, increasing the renewable energy used to around 15%.

Outcome, after over the two-and-a-half-year period of investment:

- NNG's net debt was significantly reduced (~30%);
- NNG's founders can now be able to successfully transfer to new owners: Thailand's leading chemical producers, Indorama Ventures.

Figure 3.11: Inside a NNG's factory



Source: Indorama Ventures Vietnam <https://nnc.vn/vi/gioi-thieu/>

How we integrate ESG in our portfolios

VOF - ESG best practices for Private equity

Case Study: Right Direction in Early Investment into Thu Cuc Medical System (TCI) and Tam Tri Medical (TTM).

Recognizing the potential for quality domestic healthcare, VOF has explored investment opportunities in this sector since 2018. VOF commissioned an external ESG due diligence audit on four TTM facilities and three TCI facilities, interviewing three CEOs, 15 hospital staff, and five local authority representatives. Following this, VOF invested in the two chains TCI and TTM, and started implementing key actions to **strengthen corporate governance**:

- Transitioning from informal requests to **100% standardized operating procedures**, clarifying roles & responsibilities, delegation of authority, and comprehensive training and orientation programs.
- Establishing **best practice procurement processes**, including clear criteria for supplier selection and random independent audits to eliminate bureaucratic inefficiencies, ensuring hospitals purchase quality drugs and consumable products without the influence of kickbacks.

Outcomes:

- Modernize facilities while improving procurement cost efficiency by 10-20%.
- Enhance service quality.
- Strengthen skill sets for healthcare professionals.

Reflecting on these investments, we see that our early strategic ESG approach early on has improved healthcare access and fostered a robust healthcare ecosystem nationwide.

Figure 3.12: Tam Tri Medical



Figure 3.13: Thu Cuc Medical System



How we integrate ESG in portfolios

VVF - a UCITS fund classified under Article 8 of EU SFDR

Forum One – VinaCapital Vietnam Fund (VVF) promotes environmental, social and good governance characteristics (ESG) as per Article 8 SFDR regulation (UE) 2019/2088. (See [VVF's website disclosure](#)). In addition to VCG's exclusion list, VVF excludes companies that are exposed to thermal coal or tobacco activities, in accordance with the Edmond de Rothschild Group's exclusion policy (see [here](#)).

VVF has excluded 19 companies due to concerns relating to coal, including thermal power plants and mining (03), tobacco (03), and corporate governance (16). Consequently, VVF's ESG criteria means that the fund's universe is approximately 15% smaller than VCG's listed investment universe.

In view of its ESG strategy, VVF promotes environmental characteristics but does not invest in environmentally sustainable economic activities. The investments underlying this financial product do not take into account the European Union criteria relating to environmentally sustainable economic activities, and the principle of "do no significant harm" will therefore not apply to VVF.

VVF promotes certain environmental and social (E&S) characteristics within the meaning of article 8 of SFDR, namely Gender inclusion, Environmental and Energy management, and Climate Change mitigation.

Figure 3.14: Environmental & social characteristics of the VVF product

E&S Characteristics	VVF's product (December 2023 – April 2024)	2026	2028
Gender Equality	VVF maintains 36-40% of the portfolio having >20% females on the board and management team	At least 20% of the portfolio having >20% Female in the Board Of Management Team	
Energy and Water	80-90% of the portfolio measures water and energy consumption, but only 10% have target for reduction	30% Of the portfolio will measure and have target for reduction	50% Of the portfolio will measure and have target for reduction
GHG	44% of the portfolio partially published their GHG emissions data, but only 5% have target for reduction		

Source VinaCapital

How we integrate ESG in portfolios

Case studies

FPT: Data center business ESG score: 81.8

Company description: [FPT Corporation](#) (FPT) is the most valuable technology company in Vietnam, with a market capitalization of USD5.5 billion as of June 2024. It offers a variety of information technology services including software development, cloud, and AI big data services.

Figure 3.15: FPT's Data Centers



Source: FPT.vn

FPT is a leading company in ESG practices in Vietnam, holding the No. 1 ESG score among our coverage. This score reflects FPT's commitment to best practices in corporate governance, including transparency and timely information disclosure. FPT has been consistently voted as one of companies having the best Investor Relation (IR) activities in Vietnam. FPT sets a high standard for creating a positive work environment that can

retain top talent in the competitive IT industry. Its focus on enhancing corporate governance and employee well-being is strategic and crucial for maintaining a competitive edge.

Recently, FPT partnered with Nvidia to provide AI services in Vietnam in a USD200million deal. Through this collaboration, **FPT will invest in artificial intelligence (AI) data centers (DCs), which we see as having great growth potential.**

However, AI data centers also raise certain environmental concerns. AI data centers are among the largest consumers of electricity, making them a significant source of carbon emissions. Power consumed from the grid in a DC is largely converted into heat, meaning around 40% of total DC energy consumption goes towards cooling. As such, DC are also heavily reliant on water resources used for cooling.

Demand towards green DCs

The emphasis on net-zero emissions highlights the need for energy efficiency and the transition to renewable power, which are essential for securing contracts with major clients.

Since 2007 Power Usage Effectiveness (PUE) has become a key global standard for measuring data center efficiency and operational expense. The PUE of data centers in Vietnam lag behind regional peers.

Our views and actions

As a shareholder, VCG is actively in conversations with FPT management to promote the sustainable development of Vietnam's data center industry, to strengthen FPT's winning position in its industry.

We believe there are five key areas that DC developers like FPT should focus on:

- 1) Energy efficiency (e.g., PUE, cooling system efficiency);
- 2) Water efficiency (e.g., WUE, water monitoring, etc.);
- 3) Sustainable construction & management (e.g., refrigerants and fire suppressants, waste management, etc.);
- 4) Smart and healthy building; and
- 5) Advanced green effort.

How we integrate ESG in portfolios

Case studies

QNS: Fostering a circular economic model

ESG score: 55.6

Figure 3.16: A sugar farm



Company description: Quang Ngai Sugar (QNS) is the largest soymilk producer with around 80% market share in Vietnam. It is also one of the major sugar producers in Vietnam. Other businesses include beer, mineral water, confectionery, and biomass power.

QNS has embarked a circular economy to promote sustainable growth. Apart from focusing on business development, we see QNS's ongoing efforts in developing a circular economy model through its involvement in the sugar, biomass, and ethanol production ecosystem.

QNS plans to invest around USD80mn in producing 60 million liters per year of ethanol by 2026, moving towards a circular economy

Why we value QNS's circular economy model?

- The production of ethanol from molasses, a by-product of sugar production, completes the circularity within QNS's business model.
- Ethanol can be blended with gasoline to create a biogasoline. This is a fuel with a lower carbon footprint than gasoline, making it an attractive alternative to fossil fuels.
- There is a growing demand for biogasoline as it meets young consumer preference for eco-friendly products.
- To promote biogasoline, Vietnamese Government has:
 - Proposed to increase the portion of ethanol blended in gasoline from 5% to 20%;
 - Proposed a refund on fuel tax for blended ethanol used in biogasoline, making their price more appealing to consumers.
- Investment in circular economy can also benefit from funding from international climate and circular economy funds.

Our views and actions

We approached QNS to understand their goals in developing their circular economy, especially with regard to the new business on ethanol. As a shareholder, we committed to support and vote for QNS's current and future potential projects if that would help QNS develop a circular economy for its long-term sustainable growth.

How we integrate ESG in portfolios

Case studies

Cambodia's Funan Techo Canal: Impacts of climate change

Climate Change

The Mekong Delta is at great risk from climate change. A conservative estimate from [WBG, 2022, Vietnam's Country Climate and Development Report](#), warns that almost half of the delta could be submerged if sea levels rise by 75–100 centimeters, relative to 1980–1999 levels. Without adaptation measures, around 45% of the Mekong Delta area will be affected by salinity, at an economic cost of about USD17 billion by 2030.

Cambodia's Funan Techno Canal will likely worsen the situation in Vietnam Mekong Delta

The proposed 180 km Funan Techo Canal project in Cambodia will have significant transboundary impacts on water availability and agricultural production in Vietnam's Mekong Delta. While the Cambodian Government has the right to develop infrastructure within its sovereign territory, the lack of project documentation and studies on the potential impact on Vietnam has raised concerns. VinaCapital approached companies to assess their views on the project's potential impact and whether they have plans to mitigate them. The project could worsen existing long-term drought and salination issues affecting the area. The severity of impacts varies for different agricultural products.

Figure 3.17: Cambodia's Planned Funan Techno Canal (April 2024)



Source: futuresoutheastasia.com

- Pangasius and Rice: These will be significantly affected. Efforts are underway to develop salt-tolerant rice and pangasius varieties
- Shrimp: Shrimp farming in Vietnam mainly occurs in brackish water and is less likely to face significant impact
- Cái Mép Port: The estimated effect is a 400,000 Twenty-Foot Equivalent Units (TEUs) decline.

How we engage with portfolio companies

Engagement in numbers

Engagement with investee companies and other issuers plays a crucial role in our ESG integration and stewardship oversight. We expect that the companies and issuers we invest in will demonstrate effective stewardship. Our interactions aim to foster deeper insights, oversee our clients' investments, and promote proactive transparency in managing ESG and other risks.

Our engagement policy reflects our adherence to the European Shareholder Rights Directive (VVF), as well as the UK Stewardship Code (VOF), and the Principles for Responsible Investment, all of which we are a signatory.

Stewardship

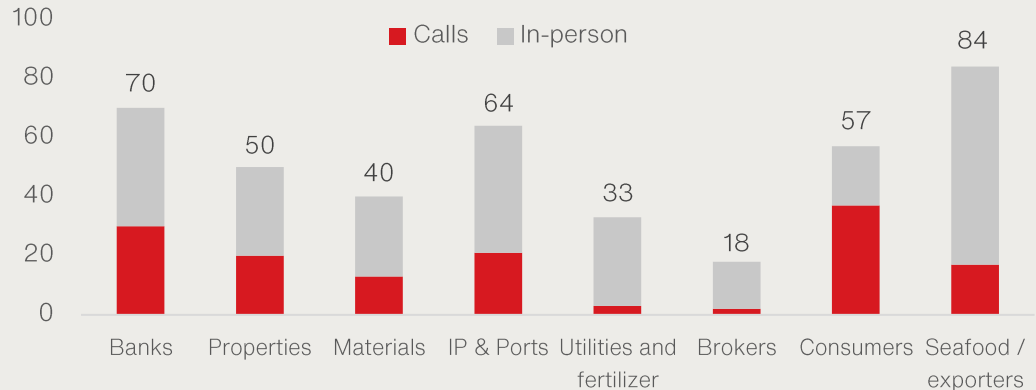
“ The use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend ”

Source: UN PRI

During the reporting period, we engaged with investee companies in a total of 416 meetings. Among these, there were 143 calls and a notably higher number of 273 in-person meetings, reflecting our preference for face-to-face interactions across various sectors. The sectors with the highest combined engagements (calls and in-person meetings) were:

- Seafood/Exporters: 84 engagements (17 calls + 67 meetings);
- Banks: 70 engagements (30 calls + 40 meetings);
- IP & Ports: 64 engagements (21 calls + 43 meetings).

Figure 3.18: Numbers of In-person and telephonic engagements



Source: VinaCapital; Data as of June 2024

How we engage with portfolio companies

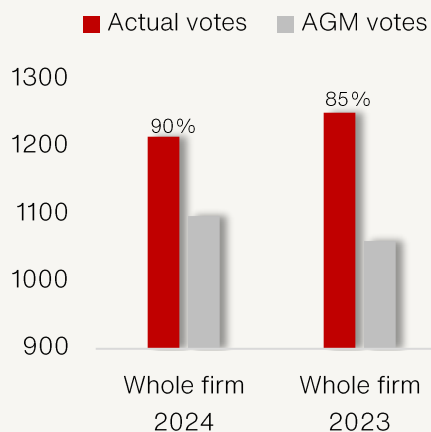
Voting in numbers

VinaCapital's Voting Rights Policy is applicable to all funds we manage. Pursuant to ESG best practices, we actively participate in AGMs and vote on all resolutions presented to us as shareholders.

Of the 1,097 resolutions we participated in:

- 1,058 resolutions in which we agreed with the management's recommendation.
- 18 resolutions in which we voted against the management's recommendation.
- 21 resolutions in which we voted to abstain from voting for the management's recommendation.

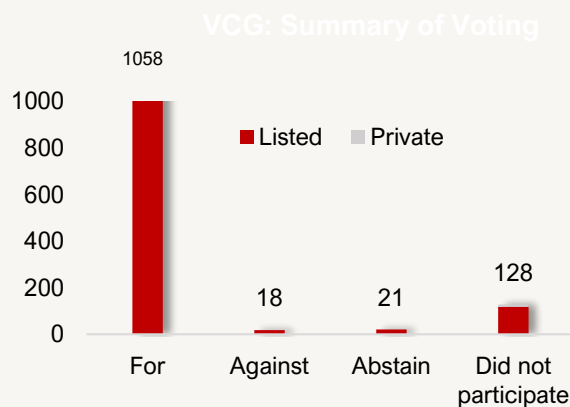
Figure 3.19: Voting record



As a company, we achieved a 90% voting participation rate, higher than the 85% in the previous period from 30 June 2022 to 1 July 2023. We cast ballots for 1,097 out of 1,261 voting resolutions presented by 68 different companies. In total, we did not participate in 128 resolutions.

Source: VinaCapital, data as of 30 June 2024

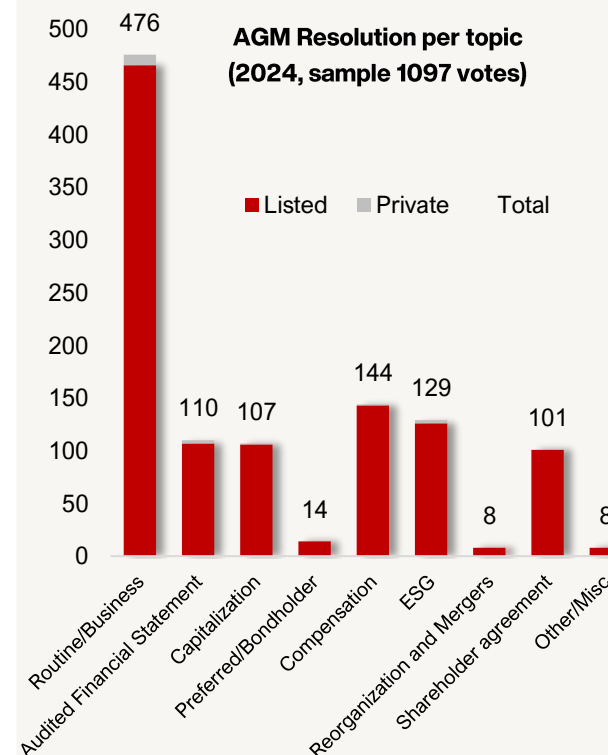
Figure 3.20: AGM Voting results



The majority of votes fell under the following categories:

- 469 votes related to **routine business** matters, representing 43.9% of voting resolutions.
- 140 votes related to **compensation** matters, representing 13.1% of voting resolutions.
- 126 votes related to **ESG** matters, primarily governance, representing 11.8% of voting resolutions.

Figure 3.21: AGM Resolution per topic



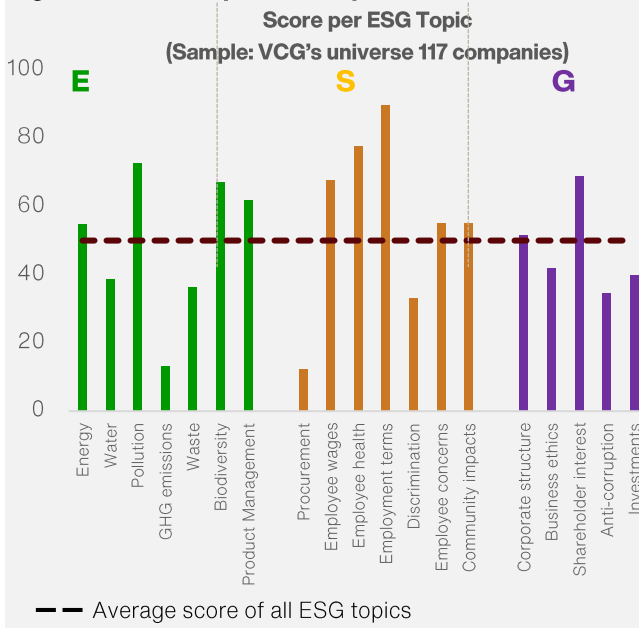
How we engage with portfolio companies

How do we determine engagement strategies with portfolio companies?

Using our ESG scores, we identify areas within our investment universe with significant ESG risks. The four ESG topics with the lowest scores are: **Procurement, Greenhouse Gas (GHG) Emissions, Discrimination, and Anti-corruption.**

These four material topics are part of our engagement pipeline with our investee companies.

Figure 3.22: Score per ESG Topic



Engagement Case Study 1: an ESG roadmap for a materials export company

Our ESG and research analyst visited the company and met with its investor relations team to discuss how we score the company's ESG performance. It was an opportunity to gain insights into the company's perspective and understand their plans for ESG improvement. Following the meeting, we provided recommendations for their ESG roadmap. See our snapshot of meeting minutes below:

Figure 3.23: Snapshot of meeting minutes with a company in our portfolio

VC share our opinions on ESG performance of COMPANY A, as below:

Based on the Vinacapitalself-developed ESG rating tool, *ESG performance of COMPANY A is classified under Group comprising of companies with good ESG performance that will need engagement and encouragement to improve certain aspects* (See Table 1)

Table 1.

Listed companies	Industrial products for export	COMPANY A score
No. of companies	117	64.1
Highest score	75.2	
Lowest score	37	
COMPANY A ranked	28 th /117	
	43	6th/43

Among the 3 pillars (E, S and G), COMPANY A's Social score is the **lowest**. This is primarily due to Health and Safety conditions and Supply Chain Management. Improving these areas could enhance COMPANY A's overall social performance (See Table 2).

Table 2.

Pillar	Assessment	Recommendations for improvement
Environment	Good	Agree with COMPANY A's existing and <u>future plan</u>
Social	Improvement required	<p>6. Health and Safety: is required by OHS Law, which means the company should be able to have a full-time position to oversee safety (ratio per location: 1 full-time HSE: 300 to 1000 employees,</p> <p>7. Supply Chain Management: The company should develop procurement, supplier pre-selection, supplier monitoring audit programs, standard terms & conditions on EHS with suppliers, etc</p>
Governance	Good	Agree with COMPANY A's existing and <u>future plan</u>

With COMPANY A's products, SASB classify COMPANY A under Building Products & Furnishings Industry. Thus, ESG material topics of COMPANY A are Energy Management, Product Quality & Safety, Product Design & Lifecycle Management, and Supply Chain Management (See the link). Specifically for Vietnam context, fire preparedness and response shall be taken seriously. Below are VC's suggestions for the ESG high level roadmap with material ESG topics:

Material ESG topics

- GHG & Energy
 - Measure
 - Set Target for reduction
- Product Design, Life cycle
 - Measure VOCs residue
 - VOC residue-free
 - Design, research and development
- Occupational Health and Safety
 - ISO 45k in 2025
 - Safety culture
 - A zero-tolerance policy

2024-2026

- Set Target for reduction Science based Target Initiatives
- Measure VOCs residue
- VOC residue-free
- Design, research and development
- Supplier selection, DD

2026-2030

- Renewable Energy?
- Carbon neutral by 2050
- Formaldehyde-free?
- New eco-friendly products
- No waste from the production

Figure 1 VC's suggestion for COMPANY A's ESG roadmap

In COMPANY A's sustainability report 2022, COMPANY A's ESG goals and targets are good to link with Sustainable development goals (SDG). However, 17 SDG are goals to tackle public, national or even global challenges. Thus, depending on our sector, resources and budget, private players are encouraged to streamline and focus on 4-5 out of 17 SDG. Those selected goals should be the most relevant to the direct impact from COMPANY A's business.

Source: VinaCapital, data as of May 2024

How we engage with portfolio companies

Engagement Case Study 2: Figure 3.24: Snapshot of our ESG initiative suggestions to a company in our portfolio

With a score of only 49.7, the company is currently considered an ESG laggard. This, however, opens a substantial opportunity for the company to enhance its ESG performance and reap long-term benefits. Our ESG team has put forth several suggestions to the company aimed at boosting their ESG performance. Our suggestions are centered around immediate measures in line with the company’s primary sector. They address the areas with the lowest ESG component scores, namely energy, GHG emission, workforce health and safety, and climate change action (Table 3.21).

	Real estate (restaurant, resort, hotel)	Construction material	Renewable Energy	Reference Standards
Energy saving	Action: Establish energy management system, apply energy efficiency systems. Benefit: - Save cost (Save 30-50% electricity bill per month - one of top three operating expenses) - Reduce GHG emission cost (see the below row)		N/A	ISO 50000 EDGE LEED
GHG emission reduction	Action: Disclose, reduce GHG emission and stay below the GHG emission quota Benefit: - Save cost, reduce tax - One of criteria to be selected for accommodation suppliers for EU, US Corporations	Action: Prepare for Environmental Product Declaration Benefit: Mandatory requirement to access EU, US and Japan markets	Register with I-REC to sell renewable energy certificates Benefit: Increase Income	ISO 14040, Cradle to Cradle Certified® Singapore Green Building Product Certification Scheme (apply to Glass production), I-REC (apply to Energy)
Workforce Health and Safety	Action: Disclose anti-discriminatory policy, make commitment on human right Benefit: - Meet Mandatory criteria to become accommodation suppliers for FDI clients	Action: Establish Occupational Health and Safety Program Benefit: Advantage in supplier selection of EU buyers	Follow VN regulation.	Vietnam OHS regulations, ISO 45000 Modern Slavery, UNGC (apply to resort/hotel)
Physical CCRA	Action: Conduct and disclose analysis on physical climate risks due to sea level rise, flooding, increase disaster events (typhoons) for assets in Central Vietnam Benefit: - Meet Mandatory criteria for asset transactions with foreign financial institutes - Possibly recognised/awarded by Government for private sector involvement in climate change analysis - Insurance recalculation: Review and adjust insurance policies as needed	N/A	Action: Conduct and disclose analysis on physical climate risks	TCFD Equator Principles IV

Source: VinaCapital

Chapter 4. ESG initiatives in alternative investments

VinaCapital integrates ESG initiatives across its alternative investment platforms to promote sustainability and innovation. VinaLiving is dedicated to developing hospitality properties that harmonize beauty with environmental responsibility. The Energy and Infrastructure platform advances community well-being through essential renewable energy projects. Our Logistics platform has a strong focus on net-zero carbon emissions. Venture Capital supports startups by highlighting the long-term value of ESG, fostering economic growth through sustainable products and ESG solutions.

VinaLiving Sustainable Design integration



VinaLiving

At VinaLiving, our passion lies in creating and delivering hospitality properties that blend beauty with sustainability. We firmly believe that the hospitality industry can and should adopt a more resource-efficient, lower-carbon approach. To demonstrate our commitment, we **aim to EDGE certify 100% of our upcoming hospitality portfolio**. But our vision extends beyond environmental impact. We strive for excellence in every facet of our operations, including social responsibility and corporate governance. By creating jobs and enhancing livelihoods within the communities in which we operate, we contribute positively to society. Moreover, we diligently balance the interests of our shareholders, ensuring fair and effective project management.

Portfolio companies

VinaLiving and green design

Maia Resort Quy Nhon and The Ocean Villas Quy Nhon have garnered prestigious accolades on both the Asia Pacific and international stages. Maia Resort Quy Nhon was honored with top awards in the category of "Best New Hotel Construction & Design," while The Ocean Villas Quy Nhon was named the "Best Residential Development Asia Pacific." These achievements were celebrated at an awards ceremony held at Savoy Hotel Strand in London, United Kingdom.



Property Achieved An Edge Preliminary Certificate

Energy saving

Water Saving

Less Embodied Energy in Materials

The Ocean Suites, The Ocean Avenue & Common Facilities

34%

42%

44%

The Ocean Villas Quy Nhon - Villas 290 Units

25%

22%

46%

VinaLiving The Thon

The Thon is a project located in Quy Nhon in Binh Dinh province. The Thon has become a new attraction and a model for **community support, cultural preservation and nature connection in a tourism spot**. The project actively supports residents who were affected by the development of the nearby Cat Hai Bay project. These individuals have been offered free three-year leases on 65 kiosks in The Thon. We also organized music shows, events, and a festival to attract more visitors to The Thon and dine on local foods.

- Site area: 6,073 m²
- 65 kiosks for local tenants



The Thon . Food & Service Village (mybinhdinh.vn)

Source: VinaCapital



Energy and Infrastructure

Aligning with Vietnam's low carbon economy transition plan

At the 26th United Nations Climate Change Conference of the Parties (COP26) in November 2021, Vietnam made a commitment to reach a net zero by 2050. To reflect determination from COP26, Vietnam updated its Nationally Determined Contribution.

Vietnam's **low carbon economy transition plan to achieve Net Zero Goal**:

- **2030:** Reduce GHG emission by 15.8% using domestic resources and up to 43.5% GHG reduction with international support compared to Business-As-Usual.
- **2040s:** Phase out coal-fired power plants.
- **2050:** Achieve Net Zero.

Energy and Infrastructure investment platform

Our goals:

- Broaden our thematic investments to cleaner energy and sustainable infrastructure (SDG 7 and SDG 13).
- Develop essential renewable projects to improve the quality of the community (SDG 8).
- Construct using sustainable principles (SDG 9).

Mapped to UN's Sustainable Development Goals (SDGs)



Figure 4.1: Planning of Long An LNG Power Plant



Portfolio companies

What has been established, aligning with Vietnam's plan:



SkyX Solar – 100MWp rooftop solar under operation/development, with 200MWp pipeline.



Onshore Wind Platform with EDF Renewable (France) – 200MW pipeline onshore wind projects. Our seed assets (70MW) have been included in the PDP8 implementation plan in April 2024..



Long An 3GW LNG Power Plant co-developing with GS Energy (Korea), with planned operation in 2029-2030. **The project is Vietnam's first approved conversion from coal-firing to LNG-firing**, included in the country's latest PDP8.

Figure 4.2: Our project at An Phat Complex (left) an EDF project (right)



VinaCarbon

VinaCarbon

VinaCarbon Fund was established in 2023 with the goal of investing in a diversified portfolio of projects and companies generating a core return from operating a strong focus **on achieving net zero carbon emissions**. Our investment themes are:

- **Sustainable agriculture/forestry:** Biochar, Low-emission farming, Timber production
- **Sustainable waste management:** Biogas, Plastic collection and recycling, Waste to energy, Solid waste management
- **Expanded nature-based solution:** Afforestation and reforestation, Mangrove restoration, Coral reef preservation, Blue carbon

We consistently pursue **responsible investments**, prioritizing the management of environmental, social, and governance issues. We adhere to international best practice environmental and social management standards such as

- ✓ World Bank Group General EHS Guidelines, 2007;
- ✓ OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights;
- ✓ IFC E&S Performance Standards, 2012;
- ✓ Equator Principles 4, 2020



VinaCarbon and discussions with a corporate about its Net Zero pathway

In December 2023, VinaCarbon and the Research Team organized a meeting aimed at engaging with a prominent listed consumer goods company. The focus of this dialogue was to explore and strategize the company's journey towards achieving a Net Zero Pathway. Discussions encompassed a wide range of topics, including carbon neutrality targets, sustainable energy adoption, emission reduction strategies, and integrating environmentally responsible practices into their operational framework. The collaborative effort aimed to provide strategic guidance and support to the company in navigating the complexities of transitioning to a sustainable and climate-resilient business model.

Vietnam Logistics Platform

Strong focus on achieving net zero carbon emissions



Logistics

VinaCapital has partnered with A.P. Moller Capital to tap into the high growth, fast reforming logistics landscape that connects ASEAN with the rest of the world.

A.P. Moller Capital and VinaCapital launched a Vietnam-focused Transportation and Logistics Infrastructure Platform in January 2023.

Founded in 2017, A.P. Moller Capital has been actively investing in logistics and transport infrastructure in emerging markets.

VinaCapital is proud to be a partner of choice to invest in opportunities in seaport terminals, in-land ports, cold storage and distribution, bonded warehouses, and integrated logistics with **a strong focus on achieving net zero carbon emissions.**



A.P. MØLLER





VinaCapital and A.P. Moller Capital are currently reviewing potential investments across the spectrum, including:

- Aviation logistics – manufacturing of electronics and other hi-tech products is growing (e.g., Apple, Samsung, Intel) as part of the China-plus-one supply chain diversification.
- Seaports – opportunities exist to re-purpose port facilities in strategic locations

Venture Capital

Digital transformation offers solutions for ESG

We recognize that startup ventures face a wide range of challenges, resulting in them prioritizing other aspects of their business beyond ESG. However, we encourage the startups we invest in to recognize the long-term value of ESG and encourage its integration via creating economic growth from their products/solutions, the social value creation, and the ability to create more jobs. VinaCapital Ventures’ unique value proposition that it is can act as a launch pad for groundbreaking entrepreneurs to challenge the world and connect them with large corporates who are seeking technology innovation to foster growth and accelerate digital transformation across Vietnam.

Ventures

- We invest in transformative and applicable technology startups across various sectors. We look for companies that create market efficiencies through technological disruptions.
- We identified key sectors to focus on fintech, media & communication, ABCD (AI application, blockchain, cloud, data), agritech, biotech, energy (EV, smart grid, battery), SaaS and e-commerce.

Portfolio companies



Logistics Platform. The Leading Digital Freight Network

- Logivan, an AI-powered logistics solution provider, is helping clients to save costs by optimizing transportation efficiency and enabling them to track and reduce CO2 emissions with a real-time monitoring system.
- Logivan serves 20 larger corporate clients, from FMCG to industrial manufacturers such as TH Milk, Cargill, TTC, Nagase, and Motul.



Teleconference Platform

- Environmental: Reduces energy use and carbon emissions by avoiding centralized data centers.
- Operational Efficiency: Cuts costs and minimizes waste through decentralized network design.
- Privacy and Security: Quickom is gaining traction as a private- and secure-first enterprise-grade video communication provider with its technical capabilities and strong commitment to security and privacy.



Chapter 5. Governance

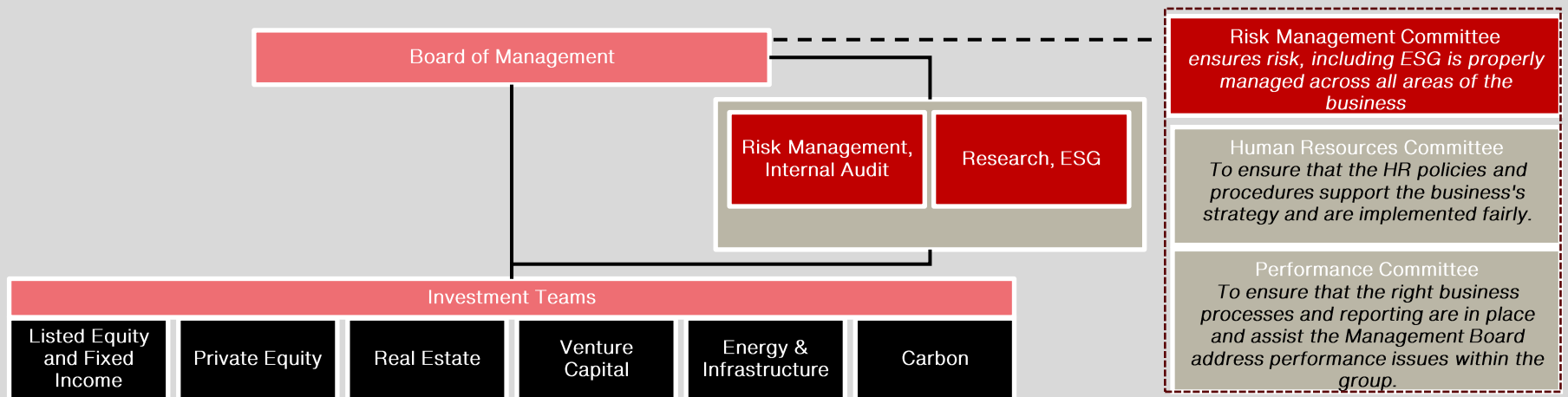
VinaCapital is committed to following the highest global corporate governance standards in all business areas, including policies, procedures, and guidelines for ethics, operations, financial control, reporting, and risk management.

Our ESG governance structure

The existence of a successful ESG culture starts at the senior leadership level. ESG issues are overseen by our Board of Management and the Chairman of our Risk Management Committee. Our ESG and research teams have the experience, training, and tools needed to discover and assess environmental, social, and corporate governance risks and to develop solutions to address them. This helps ensure that our investment teams have the information necessary to make well-informed investment decisions.

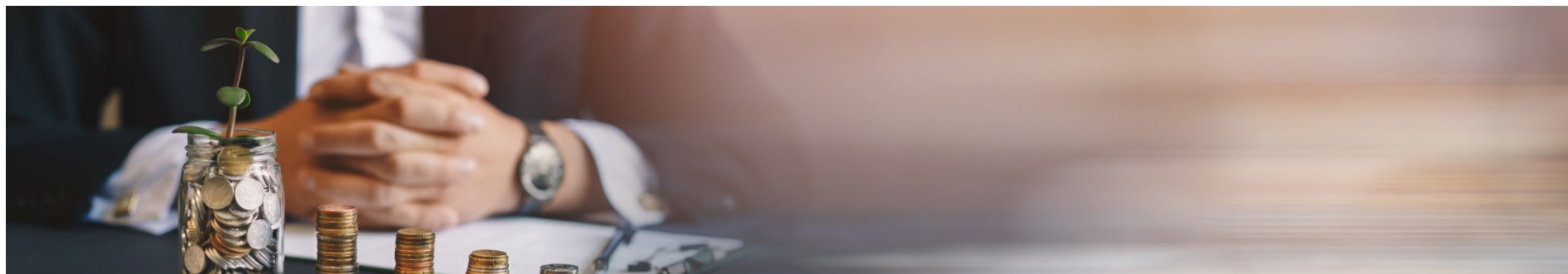
All investment professionals are responsible for incorporating the identified ESG factors into their investment decision making and portfolio management processes.

Figure 5.1: ESG Governance structure in investment process



Source: VinaCapital

Our risk management: Invest



Our in-house Portfolio Management System (PMS) is equipped with order management, portfolio management, ESG score, credit rating, operations, risk and compliance, fund, and portfolio reporting tools. It is continually enhanced and improved, and over the past two years, new features have included:

- Integration of credit data from external data vendors for standardized access, screening and credit rating analysis.
- Integration of ESG scorecard from companies in our investment universe into a centralized dashboard.
- Centralized Research Database to keep track of stock reports publication and engagement.
- Centralized Proxy Voting tool.

VinaCapital has a dedicated Risk and Compliance Department and adheres to international best practices and standards across a range of issues, including but not limited to:

- Bribery & Corruption Policy;
- Business Ethics Programs;
- Whistleblower Programs;
- Compliance Programs;
- Anti-Money Laundering Policy.

Our company also has an internal audit team to provide continual review and improvement and ensure continued compliance.

Figure 5.2: Reporting of VCG's Governance Key Performance Indicators

Topic	Metric	30 June 2023-1 July 2024 Accomplishment
Compliance	Regulation Compliance	Comply 100%
Business Ethics	Business Ethics	Comply 100%
	Anti Bribery & Whistleblowing System	Comply 100%
Data Privacy & Security	Data Privacy	No data leaks
	Cyber Security	100% new hired participation of cybersecurity e-learning and classroom learning

Our risk management: Cyber security

We are tightening control to protect our customer information and our businesses.

VinaCapital respects the privacy and protects the Personal Data of its customers, business partners and others. In accordance with the current laws as well as the stricter internal requirements we have implemented, we have in place numerous systems, policies, and procedures to protect customer data as part of our commitment of putting them at the center of everything we do.

Our policies:

- Information security risk;
- Customer data protection;
- Financial crime and cybersecurity risk awareness.

We continuously communicate on our websites and in the media to inform and warn our clients about frauds and scams in which third parties impersonate VinaCapital.

We have established a rigorous Data Privacy & Security Policy and Cybersecurity Program. We have committed to:

Figure 5.3: Our cyber security management



Source: VinaCapital

Our investor conferences

VinaCapital International Investor Conference

VinaCapital held our first Investor Conference in 2005. The Investor Conference is an opportunity for us to engage with the international investment community, sharing insights on Vietnam's outlook and business environment.

VinaCapital Annual General Investor Conference

The 2nd Annual General Investor Conference (GIC) for VinaCapital's **local funds and ETFs** was successfully held on May 10, 2024. The meeting attracted nearly 300 individual investors. During the conference, VinaCapital reported on the performance in 2023, the operational plan for 2024, and issues related to investor rights.

VinaCapital continuously updates information to investors, through our website, and all of our social media channels (Youtube, LinkedIn) with market insights such as:

- Series of Vietnam Market Updates and Opportunities;
- Vietnam by number - A set of key economic and sector data compiled by VinaCapital's research team;
- Economist's Note.

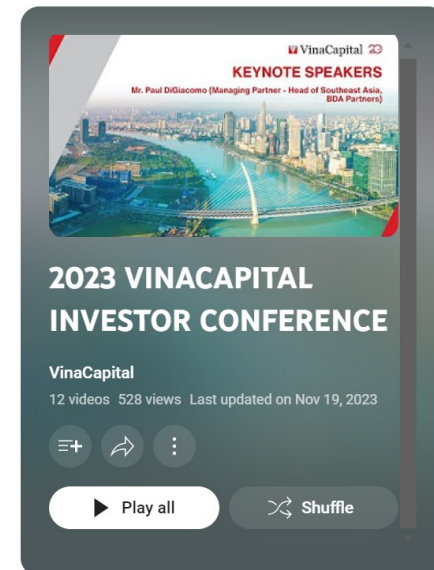
Figure 5.4: Investor Conference October 2023 (left) and our GIC held on May 10, 2024 (right)



Figure 5.6: Our YouTube channel



ĐHNĐT 2023 | Báo cáo Kết quả hoạt động năm 2023 và Kế hoạch hoạt...





Chapter 6. Environment

VinaCapital is increasingly incorporating environmental protection factors and climate policy into its investment strategies. This approach helps ensure that our investments contribute positively to environmental sustainability and climate resilience while also adapting to regulatory changes and market demands.

Climate Policy

We follow guidance from The Task Force on Climate-related Financial Disclosures (TCFD) to develop our Climate Policy.

Governance

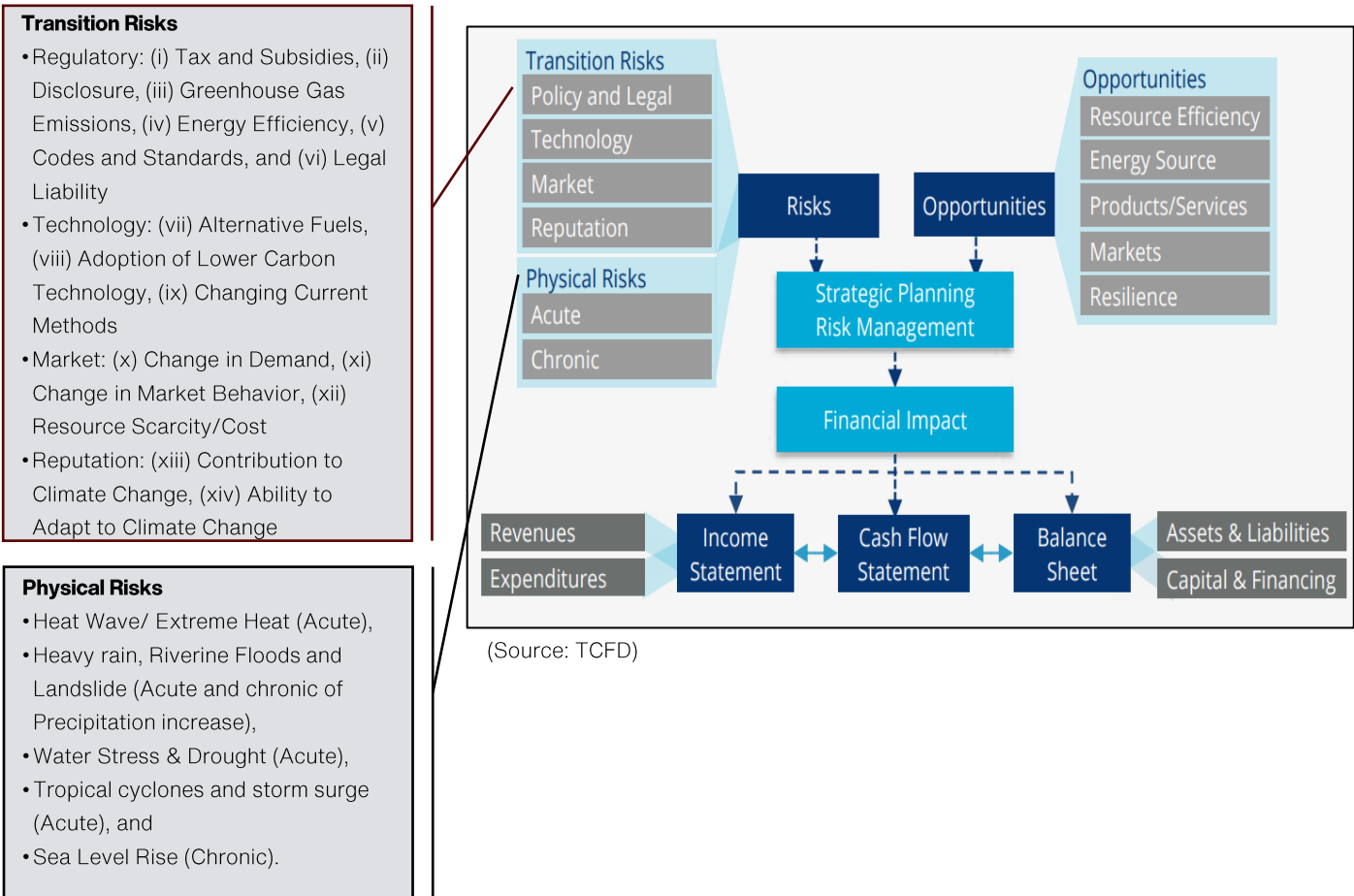
Climate change risk and opportunity is an aspect of ESG. Therefore, the governance of this climate policy is incorporated into the governance of ESG integration. The CEO and CIO of VCG are responsible for the approval and oversight of the implementation of this Policy. All investment professionals are responsible for incorporating the principles in their investment decisions. The ESG Working team leads and monitors the implementation of this Policy.

Strategy

We consider the management of environmental, social and governance issues, including climate change-related issues, as managing investment risks and important to the generation of long-term returns.

Climate change risk and opportunity assessment and financial impacts is conducted assessment following TCFD guidelines (Figure 6.1).

Figure 6.1: Climate-Related Risks, Opportunities, and Financial Impact



Climate Policy continued

Climate change risk and opportunity assessment

Given our investments in multiple assets across Vietnam, we assess the likelihood of both Physical and Transition impacts across **11 sectors, including (i) Financials, (ii) Logistic, Infrastructure, (iii) Manufacturing, (iv) Real Estate, (v) Telecom, Information Technology, (vi) Utilities, (vii) Wholesale, Retail, (viii) Materials, (ix) Energy, Oil and Gas, (x) Agriculture, Forestry and Fishery and (xii) Construction.**

We compare two scenarios to understand the likely financial impacts. According to TCFD’s guidance, two climate scenarios shall include

- a higher emission scenario (also known as the ‘business as usual’ scenario, where no further efforts to reduce emissions will be made), and
- a lower emission scenario that is most closely aligned with the recent commitments made under the Paris Agreement

Since all our asset class coverage is in Vietnam, we select climate scenarios that best align with Vietnam—an emerging economy (see Figure 6.2):

Figure 6.2: Climate Scenarios: Low carbon emission and High carbon emission

	Physical Risk	Transition Risk
	Climate scenario selection	
Low carbon emission case	SSP2-4.5 is an intermediate greenhouse gas emissions scenario where carbon dioxide emissions continue around current levels until 2050, then decrease but do not reach net zero by 2100. The resolution of the climate model is $\frac{1}{4}$ degree for the oceans and 1 degree for the atmosphere. Socioeconomic factors follow their historic trends, with no notable shifts. Progress toward sustainability is slow, with disparate development and income growth Or RCP4.5 for in case there is no available data for Vietnam in SSP2-4.5	IEA – Sustainable Development Scenario (SDS): A scenario that maps out the technology, policies, and behaviour change necessary across the main sectors, with actions required by various actors, and by when, to achieve net-zero energy related and industrial process CO ₂ emissions by 2070. This scenario considers meeting other energy-related sustainable development goals too. We choose this scenario because it aligns with most of the emerging nations net-zero targets like Vietnam and also align with the Paris agreement.
‘Business as usual’ (BAU)/base Case: High Carbon emissions pm	SSP5-8.5 is a very high greenhouse gas emissions scenario where carbon dioxide emissions triple by 2075. climate model is $\frac{1}{4}$ degree for the oceans and 1 degree for the atmosphere. Fossil fuels continue to dominate the energy mix, and there is limited investment in renewable energy. The global population grows rapidly, and the world experiences significant environmental degradation. Or RCP8.5 for in case there is no available data for Vietnam in SSP5-8.5	Carbon - IEA – The Stated Policies Scenario (IEA STEPS): A scenario that maps out the technology, policies, and behaviour change necessary across the main sectors, with actions required by various actors, and by when, to achieve net-zero energy related and industrial process CO ₂ emissions by 2070. This scenario considers meeting other energy-related sustainable development goals too. We choose this scenario because it is considered the most representative of a BAU pathway.

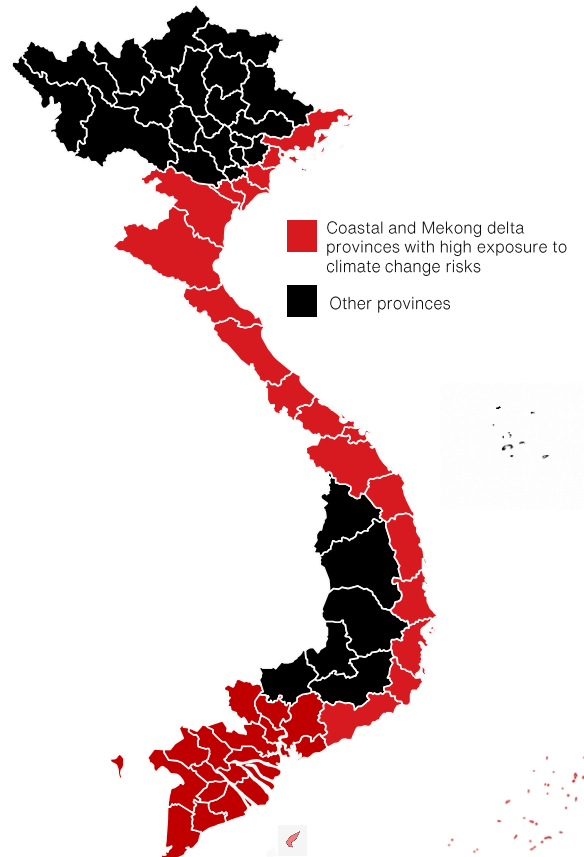
Climate Policy continued

Risk management

By 2050, under a 'Business-as-Usual' scenario, VCG is likely to face adverse impacts due to its substantial investments in climate-vulnerable sectors such as Logistics, Infrastructure, Manufacturing, and Real Estate, which together make up 40.75% of its portfolio. Conversely, VCG could benefit from its holdings in the financial sector and healthcare. The financial sector stands to provide for the increased demand for financing climate adaptation solutions. Meanwhile, the insurance and healthcare sectors, especially with the looming damages and health threats posed by climate change ([WHO, 2023, Climate change and noncommunicable disease](#)), are expected to experience significant improvement to adapt to the situation.

To manage climate risks in our investments, we will be required to assess the climate change adaptation of investments located in areas with high exposure to climate change risks, which are Mekong Delta provinces and coastal provinces (Figure 6.2) and belong to vulnerable sectors such as Agriculture, Logistics, Infrastructure.

Figure 6.2: Vietnam provinces with high exposure to climate change risks



Source: VinaCapital in-house development

Metrics and Targets

The table shows our metrics regarding our climate risk management on our investment portfolio:

Figure 6.3: Metrics and targets to manage climate risks of our investment

Desired Outcomes	Metric
Climate adaptation strategy, policy and roadmap	Yes or No
GHG reduction/net zero	Tonnes CO ₂ e
Energy efficiency in place	Watts
Climate risks managed	Amount or Percentage
Climate opportunities captured	Amount or Number

The outcome of the assessment for the adaptation readiness of the investment will be used to facilitate engagement, discussion with the investees towards a better climate change management.

VCG greenhouse gas (GHG) emissions

Organizational boundary

Our group manages assets in listed equity, private equity, and fixed income and operates alternative assets.

According to [The GHG Protocol Corporate Accounting and Reporting Standard](#), there are three different approaches to set organizational boundaries: operational control, financial control, and equity share. We consolidate operational control and financial control to account for VCG’s GHG emissions

- **Operational control:** We use an operational control boundary for reporting our managed assets which include our three leased offices in Ho Chi Minh City, Hanoi and Singapore and company-owned vehicles.
- **Financial control:** We use the financial control approach for GHG emissions reporting of alternative asset investments under operation as of 31 December 2023 (See Figure 6.4 to understand GHG accounting for assets under Financial control).

Emissions reported

The GHG accounting for VCG includes:

- Scope 1: Direct emissions from sources owned or controlled by VCG (e.g., fuel combustion, process emissions).
- Scope 2: Indirect emissions from purchased electricity.

Emissions reported

The GHG emissions data included in this Report covers carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) emissions from electricity and fuel consumption, as well as hydrofluorocarbons (HFC) emissions from refrigerants. VCG is not aware of emissions of perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), or nitrogen trifluoride (NF₃) within its operational boundary.

Figure 6.4: GHG emissions accounting under financial control category

<i>Accounting Category</i>	<i>Financial accounting definition</i>	<i>GHG emissions accounting</i>
<i>Group companies/ subsidiaries</i>	<i>The parent company has the ability to direct the financial and operating policies of the company with a view to gaining economic benefits from its activities</i>	<i>100% of GHG emission</i>
<i>Associated/ affiliated companies</i>	<i>The parent company has significant influence over the operating and financial policies of the company but does not have financial control.</i>	<i>0% of GHG emissions</i>
<i>Non-incorporated joint ventures / partnerships / operations where partners have joint financial control</i>	<i>Joint ventures/ partnerships/operations are proportionally consolidated, i.e., each partner accounts for their proportionate interest of the joint venture’s income, expenses, assets, and liabilities</i>	<i>Equity share of GHG emissions</i>
<i>Fixed asset investments</i>	<i>The parent company has neither significant influence nor financial control.</i>	<i>0%</i>

Source: [GHG Protocol Corporate Standard Revised Version](#)

VCG greenhouse gas (GHG) emissions continued

VCG estimates that the total Scope 1 and Scope 2 GHG emissions from our group companies are 314 tons of CO₂.

Figure 6.5: VCG's GHG emissions (Scope 1 & Scope 2)

GHG Scope	Source	Accounting Category	Type of assets	GHG emission (tons of CO ₂ e)
Scope 1	Fuels for owned cars	Group companies	Listed equity, private equity, fix-income	43
Scope 2	Electricity of Ho Chi Minh City, Hanoi and Singapore Offices	Group companies		271
Total Scope 1 and Scope 2				314

Source: VinaCapital. Data from 1 July 2023 to 30 June 2024

Figure 6.6: VinaCapital's staff and their families planting trees in Ma Da forest (2023)



Moving ahead.

Net Zero 2050 aligns with Vietnam's commitment.

VCG greenhouse gas (GHG) emissions continued

VCG estimates that the total Scope 1 and Scope 2 GHG emissions from our VinaLiving property are 22,623 tons of CO₂. Our hospitality portfolios are designed with a focus on environmental protection, resulting in lower GHG emissions compared to normal operations of such properties. Maia Quy Nhon has achieved an Edge Preliminary Certificate, certifying the property for:

- CO₂ savings of 244.67 tCO₂ per year for The Ocean Suites, The Ocean Avenue, and common facilities
- CO₂ savings of 1,601.68 tCO₂ per unit per year for 290 villa units

Figure 6.7: VCG's joint ventures' GHG emissions (Scope 1 & Scope 2)

GHG Scope	Source	Accounting Category	Type of assets	GHG emission (tons of CO ₂ e)
Scope 1 and Scope 2	Energy consumption of Maia Quy Nhon	Joint ventures	Real Estate	8,535
	Energy consumption of VHI	Joint ventures		12,729
	Energy consumption of Ocean Villas Da Nang	Joint ventures		1,259
	Others (Vina Nam Phu, Cuu Long Xanh, BiVI)	Joint ventures		100

Source: VinaCapital, data from 1 July 2023 to 30 June 2024. GHG emissions here are multiplied by VCG's equity share in VinaLiving projects.

Figure 6.8: IFC Edge Preliminary Certificate (2023)



Financed GHG emissions

In our ESG assessment tool, we collected information from listed companies to answer the following questions regarding their GHG emissions:

- *Does the company monitor and record Scope 1 and Scope 2 GHG emissions?*
- *Does the company set targets for Scope 1/ Scope 2 emissions relative to a chosen baseline year, in line with The Intergovernmental Panel on Climate Change (IPCC) recommendations?*
- *Has the company met Scope 1/Scope 2 emissions targets for the reporting period, with or without the use of certified carbon offsets?*
- *Has the company set a science-based goal to be 100% carbon neutral or net zero on Scope 1/ Scope 2 emissions, regardless of company growth?*
- *Does the company monitor Scope 3 GHG emissions?*

We observed several key findings:

- None of the companies within our universe had established validated GHG reduction or net-zero targets that align with global science-based targets or recommendations from the Intergovernmental Panel on Climate Change (IPCC).
- Our assessment is consistent with The Science Based Targets initiative (SBTi)'s target dashboard report, which indicates that as of May 2023, no Vietnamese-listed companies, their subsidiaries, or affiliates had set science-based targets or committed to developing such targets.
- Additionally, none of the companies reported Scope 3 emissions; however, monitoring Scope 3 emissions may not currently be a priority.

Moving ahead

By identifying the gaps between Vietnamese companies and neighboring peers, we will promote the net zero target with a recognized science-based backed up.



The SBTi was formed as a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) with the aim of providing validation for GHG emission reduction. By the end of 2023, over 4,000 companies and financial institutions were leading the transition to a net-zero economy by setting emissions reduction targets and having them validated by the SBTi.

Chapter 7. Social

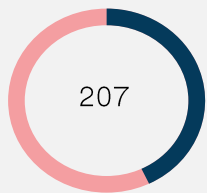
At VinaCapital, every member's contribution is invaluable as we work together to create prosperity. We invest in Vietnam's future, harnessing our collective expertise to drive positive impacts across Vietnam, including education programs, healthcare initiatives, environmental sustainability projects, and fostering entrepreneurship.

Our employees

VinaCapital workforce composition

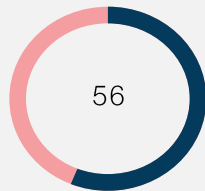
Gender¹

All employees



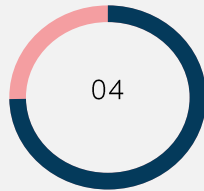
● Male - 42%
● Female - 58%

Investment professionals²



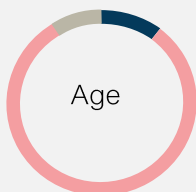
● Male - 57%
● Female - 43%

Board of Management³



● Male - 75%
● Female - 25%

Workforce breakdown⁴



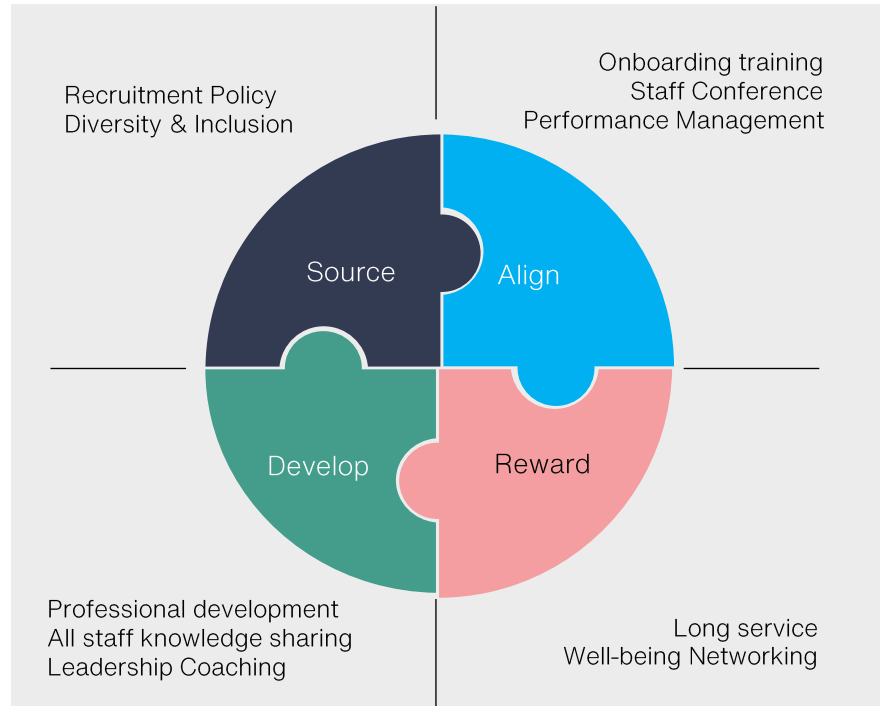
● Below 30 - 11%
● 30 - 50 - 80%
● Over 50 - 9%



● Vietnamese - 92%
● Other nationalities - 8%

At VinaCapital, our commitment to nurturing talent extends beyond mere administrative processes. We view talent management as a dynamic ecosystem that fuels growth, innovation, and organizational excellence. Here's how we strategically cultivate our workforce:

Figure 7.1: Our Talent Management Programs



Source: VinaCapital

1, 4. VinaCapital, Data as of 30 Apr 2024
2. Investment and research teams
3. Board of Directors

Our employees

Talent Management

Source

Our company is committed to upholding human rights, diversity, inclusion, and equal opportunities in the workplace. We have implemented several policies at the company level to ensure fair recruitment, retention, and advancement. These policies include:

- HR004 Non-discrimination & Anti-harassment policy;
- HR005 Equal Employment Opportunity policy;
- HR007 Recruitment policy;
- HR023 Training & Development policy;
- HR029 Performance Management policy.

We hold the EDGE Assess certification, which is the initial level among the three certifications: EDGE Assess, EDGE Move, and EDGE Lead. Our Human Resources team is currently accountable for collaborating to implement actions towards diversity targets.

Our practices are featured in Vietnam Excellence®* as best practices: [VinaCapital - People Champion 2023 \(vietnamexcellence.vn\)](https://vietnamexcellence.vn).

*Vietnam Excellence® Vietnam Excellence® is organized by Anphabe, coordinate with Vietnam Chamber of Commerce and Industry (VCCI), British Chamber Of Commerce Vietnam (BritCham), European Chamber of Commerce in Vietnam (EuroCham), Australian Chamber of Commerce in Vietnam (AusCham), Canadian Chamber of Commerce in Vietnam (CanCham), and Hongkong Business Association Vietnam

Align

Onboard Training

Our new employee induction program covers the following subjects:

- Company’s history, vision and mission, current fiscal year group strategies.
- Organizational structure and culture, asset classes, operating structure.
- Risk management and compliance policies.
- Brand identity and guidelines
- The VinaCapital Foundation and its mission.
- HR policies and employee benefits
- ESG practices.
- Performance management.

Annual Staff Conference

VinaCapital’s Annual Staff Conference, held in April 2024, brought together all 207 staff members under the theme **“The Next Chapter: Leading Together.”** Throughout the full-day conference, senior management provided important strategy updates and engaging panel discussions were conducted by various investment teams and shared services. Employees also had the opportunity to directly ask questions to top management, allowing for immediate answers regarding a range of topics. In addition to operational updates, the conference featured energizing events aimed at enhancing staff skills and job performance.

Figure 7.2:
2024 Annual Staff Conference



Our employees

Talent Management

Develop

Figure 7.3: 2024 Leadership coaching



“ WE EMBRACE CONTINUOUS IMPROVEMENT

We are an ambitious company and strive for excellence by remaining adaptive and always evolving. As a team we never stop learning and responding to changing market conditions, investor needs, investment prospects and economic demands ”

The late Andy Ho (1971-2024)

Professional development & employee training sponsorship

The company offers each employee an average of two to four days of training annually. Additionally, the employee sponsorship program includes professional scholarships, sponsorships for the CFA exams, and fees for CFA charter holders, CPA, ACCA membership.

Figure 7.4: Wellness workshops



Leadership Coaching

Executive coaching by Coach For Life at our Office to help our senior staffs develop their people management. A media training session was organized for team leaders to better understand the media landscape, deliver clear messages, and enhance interview skills. It included on-camera techniques for handling challenging media situations and guidelines for managing tough interviews.

All staff knowledge sharing sessions

The company organized knowledge sharing sessions to provide all employees with the latest information and insights on the economy. Topics over the period included the carbon credit market, how the strong US economy is boosting Vietnam, VN Dong depreciation, and a real estate update.

Reward

Figure 7.5: Long service awards (left) and Family day (right)



Employees benefits

VinaCapital’s extensive employee benefits and programs include:

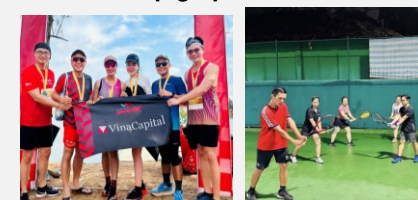
- **Family Day:** An annual event where employees can bring their families to the workplace for fun activities.
- **New Kids Celebration:** Honors employees becoming parents, providing support and well wishes.
- **Company Trips:** We reward hard work with annual trips; (India, 2022; Taiwan, 2023).
- **Alumni Network:** We maintain connections with former employees fostering collaboration.
- **Employee Social Clubs:** Yoga, running, tennis, football, badminton and Fooseball, promoting camaraderie and well-being.

Additional benefits include health programs, employee assistance, flexible work arrangements, professional development, financial perks, and community engagement.

Long Service Awards

VinaCapital recognizes staff members who have attained 5, 10, and 15 years of service with special long service awards.

Figure 7.6: Running club (left) and Tennis club (right)



Our community

Facilitate dialogue with authorities to better capitalize on opportunities in Vietnam

VinaCapital’s multifaceted contributions demonstrate our commitment to driving and participating in Vietnam’s economic development over the long term.

VinaCapital, the Vietnamese Ministry of Planning and Investment, the Geneva-based Vietnamese mission, and the Young Presidents' Organization arranged a meeting on the sidelines of the World Economic Forum with Prime Minister Pham Minh Chinh and global business leaders. The Prime Minister spoke about **“Vietnam – Leading Sustainable Investment in ASEAN”** highlighting the country’s economic prospects and trade opportunities. (Figure 7.7)

Figure 7.7: At the seminar in Davos on 17 January 2024



Prime Minister Pham Minh Chinh attended a meeting with U.S. financial investment funds in New York, coordinated by VinaCapital and our partner Warburg Pincus (Figures 7.8). We also joined the Financial Investment Promotion Conference in Los Angeles, which focused on upgrading Vietnam's stock market (Figure 7.9). Additionally, we connected the Ministry of Finance with Philipp Rösler and his international finance experts to help develop an international financial center in Vietnam (Figure 7.10).

Mr Don Lam (our CEO and Founding Partner) serves as the **Deputy Head of the Private Economic Development Research Council** (known as “Ban IV”), one of the councils under the Prime Minister's Administrative Procedure Reform Advisory Council. Through this council, within this reporting period, we provided recommendations for the development of Plan 338/QĐ-TTg **“An investment plan to build at least one million social homes in the 2021-2030 period”**.

Figure7.8: Prime Minister Pham Minh Chinh speaks at a meeting with US investment funds, New York, US



Figure7.9: Financial Investment Promotion Conference in Los Angeles (US)



Figure7.10: Ministry of Finance with Philipp Rösler



Our community

Sharing financial knowledge and Vietnam’s prospects with young generations

Figure 7.11: VinaCapital and SSC Vietnam training on financial management



VinaCapital, in conjunction with the State Securities Commission of Vietnam, organized a series of seminars about financial management and the stock market in November and June 2024 to educate citizens and help them build their personal financial planning skills. Seminars organized at National Universities attracted hundreds of participants. We also actively deliver trainings for young entrepreneurs. In October 2023, we delivered financial management training at a conference for 250 small and medium entrepreneurs of Binh Duong Province, organized by Dale Carnegie. The entrepreneurs appreciated how our training helped them recognize and address the challenges of managing their personal and business finances.

Chief Economist Michael Kokalari led a Stanford study trip

In early 2024, Micheal led a Global Study Trip to Vietnam for 30 Stanford MBA students. The trip focused on topics such as economic stability, innovation, the shift to high-tech, and investment. Students gained a deeper understanding of Vietnam’s potential, challenges, and unique characteristics.

A memory of the late Andy Ho (1971 – 2024).

In April 2024, Andy Ho, our late CIO, shared his knowledge as a guest lecturer at RMIT’s *Macroeconomics for Decision Making* class. The class involved 50 students. During the lecture, he delved into crucial topics related to Vietnam’s opportunities and risks in 2024 and beyond. These discussions encompassed the current state of the economy, its outlook, company strategies, specific examples, and decision-making processes aimed at safeguarding corporate value and reputation.

Sharing knowledge of the stock market with students. We welcomed students to our office to explore careers within an investment firm and enjoy a fun introduction to the stock market.

Figure 7.12: Andy Ho, a guest lecturer at RMIT’s Macroeconomics for Decision Making class



Figure 7.13: Michael with Stanford MBA students at our office



Figure 7.14: secondary students learned the stock market when visiting our office



Our community Empowering Our Community



Founded in 2006, the VinaCapital Foundation aims to empower the children and the youth of Vietnam by providing opportunities for growth and improvement through health and education programs. The work of VCF touches the lives of thousands of Vietnamese children in 63 provinces every year. Find out more at: vinacapitalfoundation.org

GRASSROOTS MEDICAL



Heartbeat Vietnam
since inception in 2006

11,122 heart surgeries
1,215 grants for Continuing Care
809 family grants



Rural Outreach clinic
since inception in 2007

393,936 children screened



Care to rise
since inception in 2021

2,550 children received health examination, **745** children received physical treatment, **156** children received psychological treatment.

160 children received education support

8,786 children received gift packages

1,929 financial grants given to children and **35** laptops for children affected by Covid-19

HEALTHCARE CAPACITY BUILDING



Survive to Thrive
47,586 children cared



Clean water
13 clean water filtrations
32,514 beneficiaries



Help Vietnam Breathe
2,060 beneficiaries

National emergency Disaster Relief:
26,258 beneficiaries

EDUCATION



since inception in 2019

2,929 girls who received the scholarships

28 Brighter Path girls Club - **1140** members

Source: VinaCapital Foundation, data as of 30 June 2024

Appendices

Appendix 1: Glossary

ASEAN	The Association of Southeast Asian Nations
BAU	Business as usual scenario
CEO	Chief executive officer
CIO	Chief investment officer
CSRD	EU's Corporate Sustainability Reporting Directive
EDGE	Excellence in Design for Greater Efficiencies, see more: About EDGE - EDGE Buildings
ESG	Environment Social and Governance
EU	The European Union
FMO	Dutch Entrepreneurial Development Bank
FTSE	The Financial Times Stock Exchange
GDP	Gross Domestic Product
IEA	International Energy Agency
IFC	The International Finance Corporation
ILO	The International Labour Organisation
IPG	International Partners Group
IOSCO	International Organization of Securities Commissions

ISSB	International Sustainability Standards Board
JETP	Just Energy Transition Partnership
LSE	London Stock
MSCI	Morgan Stanley Capital International
PRI	Principles for Responsible Investment
UCITS	The Undertakings for the Collective Investment in Transferable Securities
RCP	Representative Concentration Pathways
RCP4.5	RCP4.5 is a global emissions pathway that limits the human-induced radiative forcing to 4.5 W m ⁻² by 2100
RCP8.5	RCP8.5 represents a rise in radiative forcing to 8.5 W/m ² in 2100
SASB	Sustainability Accounting Standards Board, see more: About us - SASB (ifrs.org)
SFDR	Sustainable Finance Disclosure Regulation
SIL	Sustainability Innovation Lab
SSC	State Securities Commission of Vietnam
SSP	Shared Socioeconomic Pathways

TCFD	Task Force on Climate-Related Financial Disclosures, see more: Task Force on Climate-Related Financial Disclosures TCFD (fsb-tcfd.org)
VCAM	VinaCapital Asset Management
VAF	VinaCapital Vietnam Access Fund
VCG	VinaCapital Group
VEOF	VinaCapital Equity Opportunity Fund
VESAF	VinaCapital Equity Special Access Fund
VFF	VinaCapital Enhanced Fixed Income Fund
VIBF	VinaCapital Insights Balanced Fund
VMEEF	VinaCapital Modern Economy Equity Fund
VOF	VinaCapital Vietnam Opportunity Fund
VVF	Forum One – VinaCapital Group Partners Vietnam Fund
WEF	World Economic Forum
WBG	World Bank Group

Appendix 2: ESG exclusion list

- 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.
- h. UNGC violators

Exclusion lists regulated by the host country of the off-shore and on-shore funds (including but not limited to Undertakings for the Collective Investment in Transferable Securities (UCITS) exclusion list following European Commission's regulatory framework).

Appendix 3: 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 activities. Based on whether the E&S Risk Category, a decision is made based on the following matrix:

Risk level	Description	Requirement ESG Due diligence assessment
Low	Business activities with minimal or no adverse environmental or social risks and/or impacts.	A desktop-based ESG assessment conducted by an internal team.
Medium	Business activities with potentially limited adverse environmental or social risks and/or impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures.	ESG due diligence 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.

Our risk categorization is developed based on [IFC Environmental and Social Categorization | International Finance Corporation \(IFC\)](#). We refer to IFC Interpretation on terms: [Interpretation Note on E&S Categorization December 21.docx \(ifc.org\)](#)

Appendix 4: SASB Content Index

The following index tables summarize our disclosures against relevant SASB Standards. Reference pages within this report are labelled ⇒, 📄 refers to relevant pages within the Annual Report and Accounts 2023, and 🌐 refers to a webpage

Topic	Ref	Metric	Location of disclosure	Commentary
Transparent information & fair advice for customers	FN-AC-270A.1	Number of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	See Commentary	To the best of our knowledge, from 1 July 2023 to 30 June 2024, there were no known: covered employees with records of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings monetary losses as a result of legal proceedings, incidents of non-compliance associated with marketing and communications of financial product related information to new and returning clients
	FN-AC-270a.1	Percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings		
	FN-AC-270a.2	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		
	FN-AC-270a.3	Description of approach to informing customers about products and services		
Employee Diversity & Inclusion	FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for: (1) executive management (2) non-executive management (3) professionals (investment) (4) all other employees	⇒ See page 54	
Incorporation of ESG Factors in Investment Management & Advisory	FN-AC-410a.1	Amount of assets under management, by asset class, that employ: (1) integration of ESG issues (2) sustainability-themed investing (3) screening	⇒ See Chapter 3	
	FN-AC-410a.2	Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies	⇒ See Chapter 2 🌐 RI Policy	

Appendix 4: SASB Content Index

Topic	Ref	Metric	Location of disclosure	Commentary
Incorporation of ESG Factors in Investment Management & Advisory	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures.	Proxy Voting Policy	
Business ethics	FN-AC-510a.1	Total amount of monetary losses resulting from legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.	See Commentary	To the best of our knowledge, there are no known monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations in reporting period.
	FN-AC-510a.2	Description of whistleblower policies and procedures.	Code of Conduct	
Activity metrics	FN-AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM).	⇒ See page 6	

Disclaimer

© 2024 VinaCapital. All rights reserved. This report has been prepared and is being issued by VinaCapital Group or one of its affiliates for distribution in Vietnam and overseas. The information herein is based on sources believed to be reliable. With the exception of information about VinaCapital, VinaCapital makes no representation about the accuracy of such information. Opinions, estimates, and projections express in this report represent the current views of the author at the date of publication only. They do not necessarily reflect the opinions of VinaCapital and are subject to change without notice. VinaCapital has no obligation to update, amend or in any way modify this report or otherwise notify a reader in the event that any of the subject matter or opinion, projections or estimates contained within it change or become inaccurate.

Neither the information nor any opinion expressed in this report are an offer, or an invitation to make an offer, to buy or to sell any securities or any option, futures, or other derivative instruments in any securities. Nor should it be construed as an advertisement for any financial instruments. This report is prepared for general circulation and for general information only. It does not have regard to the specific investment objectives, financial situation or particular needs of any person who may receive or read this report.

Investors must make their own financial decisions based on their particular financial situation and investment objectives. This report may not be copied, reproduced, published, or redistributed by any person for any purpose without the express permission of VinaCapital in writing. Please cite sources when quoting.

Ho Chi Minh City | Hanoi | Singapore

17th Floor, Sun Wah Tower

115 Nguyen Hue, District 1, HCMC, Vietnam

Tel. +84 (0) 28 38121 9930

Email. ir@vinacapital.com

vinacapital.com