



DYNAM
CAPITAL



Responsible Investment Policy

Our Mission

Dynam Capital is a long-term and responsible investor. As such our commitment to sustainability lies at the heart of our investing approach. We believe that Environmental, Social and Governance (ESG) issues can influence investment returns and portfolio risks in the long term and are the core of responsible investing. Dynam ESG principles into its investment decisions and seeks to influence greater corporate governance and best practices in investee companies, including encouraging companies to improve their investor relations as well as their financial and non-financial reporting.

Our Approach

Our approach to ESG integration is based on the following principles:

- Investors have power and responsibility to steward change;
- ESG research provides additional insights to help screen investment candidates;
- ESG integration leads to better-informed investment decisions; and
- Active ownership, advocacy, and engagement on ESG issues can help mitigate risks.

Initiating collaborative actions to promote ESG best practices in Vietnam

Dynam recognises that ESG is a 'journey' for many companies in Vietnam, with some at more advanced stages than others. We consider ourselves patient investors and have played a part in the positive developments in our portfolio companies on several ESG levels.

Over the years we have conducted workshops and forums to help foster awareness of sustainability principles within Vietnam's investment community:

- 2020 ESG conference (organised by QuotedData, UK)
- 2020 Responsible Investing in Vietnam (organised by Spectrum, Singapore)
- 2022 Heading Toward Net-Zero (online webinar)

As part of our climate change strategy, we support the Paris Agreement and the Task Force on Climate Related Financial Disclosures (TFCD). Dynam is also a member of the Asia Investor Group on Climate Change (AIGCC).

Dynam's CEO Vu Quang Thinh is an active member of the Vietnam Corporate Governance community. In 2017, he became a member of the National Advisory Council on Corporate Governance under the Vietnam Corporate Governance Initiative (VCGI). He is also a founder member of the Vietnam Institute of Directors, a professional organization promoting corporate governance standards and best practice in the Vietnamese corporate sector.



ESG Integration as an Integral Part of our Process

1. Exclusion list

We have developed our own exclusion list, based on the guidelines of the UNPRI and the IFC.

Dynam does not invest in a company where there is a high probability of exposure to the following activities and issues:

- Production or trade in any product or activity deemed illegal under the Vietnamese laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife, or products regulated under CITES
- Production or trade in weapons and munitions
- Production or trade in distilled alcoholic beverages (excluding beer and wine) that accounts for more than 5% of the company's revenue or profit
- Production or trade in tobacco
- Gambling, casinos, and equivalent enterprises
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where Dynam considers the radioactive source to be trivial and/or adequately shielded
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%
- Large-scale drift net fishing in the offshore international waters using nets more than 2.5 km in length

In addition, Dynam will not invest in companies that do not rectify any violation of Vietnamese laws and regulations on corporate governance and information disclosure including:

- Delays in submitting financial reports, without an adequate and approved reason
- Inadequate disclosures of trading transactions by Board/management members and related persons of Board/management members
- Unsanctioned or unreported related party relations or cross holdings that are material to its financial performance
- Sanctions for Price manipulation on the stock market
- Companies known to have been involved in any violation of any other local laws or regulations

As a supporter of the Paris Agreement, Dynam will not invest in companies that generate more than 25% of their revenues from thermal coal production.



2. ESG Management System

Our ESG Management System is a customized set of policies, procedures, tools, and reporting guidance designed to identify, assess, manage and report on ESG risks and take advantage of opportunities for positive impacts associated with the activities of portfolio companies.

The ESG Management System has been developed to:

- integrate ESG issues into every single step of the investment process: initial screening, due diligence, investment decision and investment monitoring;
- provide a framework for monitoring and reporting on ESG aspects to stakeholders; and
- work in partnership with our portfolio companies to help them identify and implement ESG opportunities, creating sustainable enhancement to their overall financial performance.





3. Active ownership through a Dedicated Company Engagement Programme

We assign a high priority to the engagement mandate entrusted to us by our stakeholders and have been devoted to engaging portfolio company executives through face-to-face meetings as part of our Company Engagement Programme. This focuses on improving a portfolio company's financial performance and emphasizing the necessity to systematically implement ESG factors. By enhancing our knowledge on specific issues, we can support investee companies in both financial and ESG aspects: from influencing better governance to helping them take positive steps toward improving sustainability policies, practices and performance. This not only helps us in our investment decisions but also adds value by influencing positive change at the investee companies.

4. Voting policy

Dynam sees voting as an important part of our fiduciary duty. In the absence of any other guidance, or in any instance whereby voting authority has been delegated by the client in writing, we will direct votes guided by our Corporate Governance Policy, in a manner consistent with the investment interests, objectives, and particular preferences, if stated or known, of our clients. If we believe that a resolution may have a damaging effect on the interests of shareholders, including on ESG issues, we will vote against the item put forward by the Board.

Prior to recommending a vote, Dynam seeks to obtain all the information required to justify our final decision, including company engagement. A lack of response will often lead – depending on the significance of the impact of the voting item – to a recommendation to vote against some or all resolutions. In voting decisions, where relevant, we examine and consider the recommendations of independent third-party proxy advisors but, nevertheless, retain full independence when exercising our votes.

Dynam records all voting behaviour. The choice of voting platform is client driven.

5. Building a climate-smart strategy

According to the most recent report by the World Bank, Vietnam's 100m people are among the most vulnerable in the world to climate impacts, facing hazards along the country's 3,260 km long coastline and extensive low-lying regions. The country was estimated by the World Bank to lose about USD 10bn in 2020, or 3.2% of its GDP to climate impacts. By 2050, the costs to the economy generated by climate change could total as much as USD 523bn; therefore, investments to address climate impacts are a priority.

At COP26, Vietnam made a strong commitment to achieve the net-zero target by 2050, and since then the government's efforts in changing its energy strategies and relevant policies have shown the country's willingness to address climate change issues.

Dynam is focused exclusively on Vietnam, and we are very aware of the climate-related risks and opportunities presented to the country and our the investee companies in the long-term. We pay particular attention to manage the climate risks of the portfolio by keeping track of the portfolio's total carbon emissions, analysing the transition risks of climate-sensitive industries and helping our companies to do more on reporting their carbon emissions.

Dynam Capital is a member of the [Asia Investor Group on Climate Change \(AIGCC\)](#).

6. Voluntary measuring and reporting

Our aim in relation to Responsible Investing is to: “Do more, measure more and report more”. We measure and report publicly our estimated portfolio-level carbon footprint, and assess the performance of the portfolio’s investee companies against the **UN’s 17 Sustainable Development Goals**.

