DYNAM
CAPITAL

ESG Report

2025

Contents

About Dynam Capital

Dynam Capital (Dynam) is a partner-owned business with a sole focus on asset management and is regulated by the Guernsey Financial Services Commission. Our investment strategy is based on research-driven fundamental analysis, seeking attractive companies that also demonstrate a commitment to Environmental, Social and Governance (ESG) principles. In June 2018, Dynam was appointed as the fund manager for Vietnam Holding (VNH), a London-listed closed-end investment fund focused on Vietnam and has overseen VNH's Principles of Responsible Investing (PRI) Transparency Report since then. In June 2022, Dynam launched the Dynam Vietnam Fund, an open-end investment fund also focused on Vietnam.

We believe that Environmental, Social and Governance (ESG) issues can influence investment returns and portfolio risk in the long term and are central to responsible investing. We recognise 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 across several ESG dimensions within our portfolio companies. Over the years, we have conducted workshops and forums to help foster awareness of sustainability principles within Vietnam's investment community. 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 an active member of the Asia Investor Group on Climate Change (AIGCC).

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

Our 2025 highlights

- **Portfolio ESG momentum strengthened:** The average ESG score of our portfolio companies rose to 75.4% as of 31 December 2025, representing a steady climb from 72.5% in 2024 and 69.5% in 2023. Nearly 60% of holdings classified within our "ESG Strategic Group", reflecting continued improvements in governance quality and sustainability and disclosure.
- **Climate and nature risk integration enhanced:** Dynam worked with MSCI Sustainability & Climate Analytics to upgrade our portfolio carbon tracking and climate risk assessment capabilities. The new analytics platform enables deeper analysis of transition risk, physical risk, and nature-related risk, aligning our reporting with international frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD).
- **Strong PRI performance:** In the 2025 PRI Transparency Reports, Dynam maintained top-tier scores across multiple modules, reaffirming the robustness of our ESG integration and active ownership practices.
- **Active engagement with public companies:** We continued contributing to collaborative initiatives aimed at strengthening ESG disclosure, corporate governance standards, and sustainable finance practices among Vietnamese public companies, supporting the country's long-term ambition for capital market upgrade to Emerging Market status.
- **Thought leadership in sustainable finance:** Dynam remained an active supporter and contributor to the Vietnam ESG Investment Conference 2025, providing sponsorship and intellectual leadership to advance dialogue among investors, corporates, and policymakers on sustainable investment in Vietnam. Our Chairman also presented to Australian investors in Melbourne and Sydney on the topic of impactful and sustainable investments in Vietnam.

Dynam's ESG Philosophy

Dynam is a responsible investor focused on long-term outcomes. This is why our commitment to sustainability lies at the heart of our investing approach. We believe that ESG issues can affect investment returns and portfolio risk in the long term, as they are central to responsible investing. Dynam integrates ESG principles into its investment decisions and seeks to guide greater transparency and corporate governance best practices in investee companies. This includes encouraging companies to improve their investor relations and financial and non-financial reporting.

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

- Investors have the power and responsibility to steward change.
- ESG research provides additional insights to help screen investment candidates.
- ESG integration leads to better-informed investment decisions.
- Active ownership, advocacy, and engagement on ESG issues can both build resilience and seize opportunities.

Our ESG integration process

Our ESG Management System is a customised 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.

INVESTMENT SCREENING

- ESG Risk and opportunity screening
- Exclusion check list
- Risk categorization by sector

DUE DILIGENCE

- ESG risk rating
- Incorporate ESG analysis into investment proposal

INVESTMENT DECISION

- Integrate ESG considerations into investment agreements
- Identify ESG strategies for new investee companies

ACTIVE MONITORING AND REPORTING

- Monitor closely investee companies and engage on relevant ESG issues
- Quarterly ESG report to BOD of Dynam and relevant stakeholders; Annual PRI report

Key Global ESG Trends in 2025: from Polarisation to Financial Discipline

The global ESG landscape in 2025 reflects a transition from rapid expansion to strategic recalibration. While political polarisation and regulatory divergence created noise in certain markets, sustainability has continued to mature into a framework grounded in financial materiality, risk management, and long-term competitiveness.

For Dynam, these global developments reinforce our conviction that ESG integration is not cyclical—it is fundamental to long-term value creation and risk management.

Regulatory Divergence, Not Retreat

In 2025, ESG regulation became increasingly region-specific:

- In the United States of America, ESG faced political resistance, with reduced momentum around climate disclosure mandates and lower institutional support for shareholder ESG proposals.
- In Europe, despite adjustments to implementation under the Omnibus package, the CSRD and sustainable finance frameworks continue to advance, maintaining Europe's leadership in regulatory sustainability.
- In Asia, pragmatic acceleration continues. Governments are strengthening green taxonomies, transition finance frameworks, and carbon-market mechanisms.

This divergence does not signal a global retreat from ESG, but rather a rebalancing. Markets are shifting from ideology-driven narratives toward financially grounded sustainability frameworks.

Investor Attitudes Towards ESG

Growing ESG Investment Interest in Asia

While comprehensive, Southeast Asia–specific annual attitude surveys remain limited, broader Asia-wide data clearly point toward sustained growth in ESG integration.

A report by UNDP and its partner institutions highlights the expansion of ESG investment across Asia, driven by rising awareness of environmental and social risks and a growing recognition of their economic materiality. Investors are increasingly incorporating ESG considerations into long-term risk assessment, capital allocation, and portfolio construction processes.

Climate change has moved firmly into the mainstream of institutional investment thinking in Asia. The AIGCC report *"Asian Institutional Investor Climate Progress"* reviewed the actions of 230 institutional investors across the region, including 113 asset owners and 117 asset managers with a median AUM of approximately US$100 billion. The findings demonstrate growing institutional recognition that climate change represents both a material financial risk and a structural investment opportunity. This is reflected in the adoption of formal climate policies, enhanced governance frameworks, and increasing use of scenario analysis and portfolio-level emissions measurement.

In short, ESG has shifted from a peripheral consideration to a core investment discipline across Asia.

From Risk Management to Impact and Value Creation

In its early phase, ESG integration was predominantly framed as a risk mitigation mechanism, focused on identifying governance deficiencies, environmental liabilities, regulatory exposure, and reputational risks. By 2025, this framing has evolved. Across Asia, investors increasingly view ESG not merely as downside protection, but as a driver of long-term value creation and measurable impact. Nowhere is this shift more evident than in climate-related investing.

Climate is no longer treated solely as a source of transition or physical risk. It is increasingly viewed as a set of structural opportunities. While climate risk modelling, such as Climate Value-at-Risk (VaR) and forward-looking scenario analysis, has become more sophisticated, capital is simultaneously being directed toward transition-enabling sectors, including:

RENEWABLE ENERGY INFRASTRUCTURE	**GRID MODERNISATION AND STORAGE**	**ELECTRIFICATION OF TRANSPORT**	**INDUSTRIAL EFFICIENCY UPGRADES**	**SUSTAINABLE URBAN DEVELOPMENT**

The AIGCC 2025 Climate Transition Report highlights that an increasing number of leading Asian institutional investors are allocating capital to transition-aligned assets. This signals a strategic pivot away from exclusion-based approaches toward active participation in financing the transition. The emphasis has shifted from "*avoiding stranded assets*" to "*financing transformation*."

Institutionalisation of Impact Investing

This evolution is further reinforced by the steady growth of impact investing across Asia. Asia-focused impact capital allocation reached approximately US$80 billion in 2024, up from US$51 billion in 2019. Nearly 90% of Asia-focused impact investors report that their financial returns meet or exceed expectations. Close to half of global impact investors plan to increase allocations to Southeast Asia in 2025.

Key impact investing themes				
CLIMATE MITIGATION AND ADAPTATION	**FINANCIAL INCLUSION**	**SUSTAINABLE AGRICULTURE**	**HEALTHCARE ACCESS**	**DIGITAL INCLUSION**

Impact investing in Asia is therefore no longer a niche allocation—it is becoming institutionalised and increasingly integrated into mainstream capital flows.

Importantly, the boundary between traditional ESG integration and impact investing is narrowing. Traditionally, ESG integration focused on managing risk and identifying financially material sustainability issues. Meanwhile, impact investing sought to deliver measurable environmental and social outcomes. In 2025, these approaches are converging: ESG integration increasingly underpins strategies that explicitly target outcomes, SDG alignment, and climate transition metrics. Funds and mandates today frequently rely on common data, analytical approaches, and outcome indicators, demonstrating that the boundary between managing ESG risks and creating impact is narrowing. Rather than treating impact as a separate asset class, investors are embedding impact considerations directly into core portfolio construction. Current estimates indicate that a substantial USD 1.2 trillion has been allocated to impact investments.[1]

In summary, for long-term investors, ESG in 2025 is not a thematic overlay. It is increasingly embedded within capital allocation strategy.

[1] https://www.sciencedirect.com/science/article/pii/S2950370125000021 Determinants of impact investments: Evidence from portfolio-level data - ScienceDirect

Vietnam context: On track to attract sustainable capital

In an increasingly fragmented global ESG landscape, Vietnam has maintained strategic clarity. Rather than retreating amid policy divergence in major markets, the country has steadily strengthened its regulatory architecture, institutional capacity, and capital-market infrastructure to position itself as a credible destination for sustainable capital, reflected in its ambition to become a regional and eventually international financial centre (IFC), with a focus on green finance.

Vietnam's approach reflects a pragmatic understanding: sustainability is no longer merely an environmental commitment; it is a capital allocation strategy and a competitiveness lever.

To achieve these ambitions, the government has strategically accelerated the implementation of the National Green Growth Strategy 2021–2030 and its Resource Mobilisation Plan under the Just Energy Transition Partnership (JETP). Key milestones included the issuance of Vietnam's first blue bond in 2024, supported by the International Finance Corporation (IFC), the launch of sustainability-linked bonds, and the pilot phase of the national carbon market. The country has also secured its first funding under the JETP, with the French Development Agency (AfD) providing €67 million to the National Power Transmission Corporation (EVNNPT) for major transmission projects.

Vietnam also maintained its "green carpet" FDI strategy, aligning renewable energy infrastructure, regulatory reforms, and preferential policies to attract high-quality sustainable manufacturing investment. This approach strengthens Vietnam's potential position as a low-carbon supply chain hub in Asia.

Over the past three years, Vietnam has continued to strengthen its legal and regulatory framework to accelerate nationwide green transformation. Key developments include:

- **National Strategy on Green Growth 2021–2030 (Vision to 2050)**
  Integrates green growth objectives into national and provincial economic planning, focusing on sustainable urban development, energy efficiency, renewable energy, and solid waste management.

- **Law on Environmental Protection (Revised 2020)**
  Enhances environmental management and pollution control while promoting corporate environmental responsibility.

- **Decision 687/QD-TTg (2022) – Circular Economy Development Project**
  Establishes a national roadmap for transitioning to a circular economy, aligning industrial growth with resource efficiency.

- **Vietnam's Commitment to Net Zero by 2050 (COP26 pledge)**
  Aligns the country with global climate goals and underpins regulatory support for decarbonization initiatives.

- **Power Development Plan VIII (2021–2030, Vision to 2050)**
  Approved in 2023 and revised in 2025, the plan sets ambitious targets for expanding renewable energy capacity, particularly solar and wind, while phasing out coal-fired generation.

- **Vietnam Green Taxonomy (2025)**
  Officially released in July 2025, Vietnam's first green taxonomy provides a standardised classification of sustainable economic activities for banks, investors, and corporates, aligning capital flows with the national green growth and net-zero roadmap.

- **Directive on Electric Vehicle (EV) Transition (2025)**
  Hanoi and Ho Chi Minh City adopted initial directives to transition public transport fleets to electric vehicles and incentivise EV adoption in urban areas, signalling the first step in Vietnam's broader sustainable mobility strategy.

- **Decree 06/2022/NĐ-CP**
  Establishes frameworks for GHG emissions reduction and ozone layer protection, including measurement, reporting, and verification (MRV) systems.

- **Decree 119/2025/NĐ-CP**
  Introduces a domestic carbon market mechanism, setting the foundation for emissions trading and corporate carbon pricing.

- **Incentives & Support Policies (Resolution 68/2022/NQ-CP and Resolution 198/2025/NQ-CP)**
  Provide tax incentives, preferential loans, and feed-in tariffs for renewable energy development, alongside support for green finance instruments and ESG disclosure standards.

At the corporate level, ESG integration continued to accelerate in 2025, driven by export market requirements, evolving supply-chain due diligence standards, and commitments under Vietnam's free trade agreements (FTAs), including the EVFTA and CPTPP. The banking sector remained at the forefront of sustainable finance development. Major institutions expanded sustainable lending frameworks, enhanced the integration of ESG risk into credit assessment, and improved disclosure of green credit exposure. Vietcombank (VCB)'s outstanding green loans reached nearly VND47.6 trillion by the end of 2024, accounting for approximately 3.3% of its total loan portfolio, a more than fourfold increase since 2020, reflecting sustained growth in sustainable credit deployment. Most of this funding was directed toward renewable and clean energy projects.

VCB also became the first Vietnamese bank to issue green bonds compliant with domestic law and aligned with the ICMA Green Bond Principles, underscoring its leadership in green capital mobilisation. Other commercial banks have similarly enhanced their ESG financing frameworks, with more institutions rolling out sustainable loan products, incorporating climate risk assessments into credit decisions, and strengthening public disclosure of green finance portfolios.

At the system level, green credit continued to expand in 2025. According to the State Bank of Vietnam (SBV), total outstanding green loans surpassed VND 700 trillion by early 2025, representing roughly 4.5–5% of total credit in the banking system. The number of credit institutions participating in green lending remained above 50, reflecting the sector's institutionalisation of sustainable finance practices. Importantly, banks are increasingly aligning green lending definitions with Vietnam's newly issued Green Taxonomy (2025), strengthening consistency, transparency, and investor confidence.

These developments underscore the structural shift of Vietnam's banking system toward climate-aligned capital allocation, a critical foundation for scaling sustainable investment and supporting the country's net-zero 2050 roadmap.

ESG Integration in our Investment Process

Implementing our ESG Rating Framework

We began piloting our ESG rating framework in 2021 and updated our ESG scorecard in 2023. We observed that major service providers such as Bloomberg and Sustainalytics covered ESG ratings for only a few Vietnamese public companies. Some of our portfolio companies have their ESG performance rated by a third party, like FPT with EcoVadis. However, we found it necessary to develop our internal ESG rating system, as it defines which ESG risks we consider material to us and to the investee companies in the context of Vietnam.

Dynam's ESG Rating Scorecard is a structured framework designed to evaluate the Environmental, Social, and Governance (ESG) performance of investee companies. Developed in line with both national regulations and international best practices, the scorecard serves as a critical tool for integrating ESG considerations into our investment decision-making process. With 80 carefully formulated questions, it assesses key ESG factors that are material to a company's long-term sustainability from an investor's perspective. The scorecard is built in line with the Vietnam Corporate Governance Code of Best Practices and the Vietnam Corporate Sustainability Index (CSI), ensuring alignment with local corporate governance standards while incorporating global ESG benchmarks. By utilising this rigorous assessment methodology, we aim to identify opportunities, mitigate risks, and support portfolio companies in strengthening their ESG commitments, ultimately driving long-term value creation for both investors and stakeholders.

Governance (60%)	BOD structure & functioning and company's commitment to CG Risk management and control system Shareholder rights Transparency and disclosure Board and top-level oversight of environmental and social issues
Social (20%)	Employee policies and working conditions Diversity, equity and inclusion Customer rights and data privacy Community outreach
Environment (20%)	Climate change commitment Environmental protection practices Alignment with the UN 17 SDGs

Based on our proprietary ESG Rating Framework, portfolio companies are classified along an ESG maturity continuum, reflecting their level of integration of environmental, social, and governance practices into business strategy.

- ESG Score < 50 – Business as Usual (Lagging Stage)
  Companies in this category demonstrate limited integration of ESG considerations and largely maintain a "business as usual" approach. ESG practices are typically reactive, fragmented, or compliance driven. These companies may face elevated governance, environmental, or social risks. As such, they require heightened monitoring in investment decisions and proactive engagement to encourage improvements in governance practices, transparency, and risk management.

- **ESG Score 50–59 – Compliance Stage (Regulatory)**
  Companies in this category primarily focus on meeting regulatory requirements and basic ESG standards. ESG initiatives are often implemented in response to external pressures rather than embedded within strategic decision-making. While these companies demonstrate awareness of ESG issues, their practices may remain siloed or operational rather than strategic. Investor engagement focuses on strengthening governance structures, improving disclosure, and encouraging the adoption of more systematic ESG policies.

- **ESG Score 60–75 – Operational Improvement Stage (Efficiency)**
  Companies in this range actively implement ESG initiatives to improve operational efficiency and reduce environmental and social risks. Sustainability measures such as resource efficiency, waste reduction, and improved risk management are increasingly integrated into operational processes. However, ESG is often still viewed as a cost-management or compliance exercise rather than a strategic driver of long-term value. Engagement efforts aim to strengthen ESG governance and encourage the integration of sustainability into broader corporate strategy.

- **ESG Score 76–90 – Strategic Integration Stage (ESG Leaders)**
  Companies in this category demonstrate strong ESG performance and treat sustainability as a strategic business priority. ESG considerations are embedded in governance structures, operational management, and stakeholder engagement. These companies actively communicate their sustainability strategies and leverage ESG initiatives to strengthen brand reputation, competitiveness, and long-term resilience. From an investment perspective, they typically require limited engagement and often serve as **ESG leaders within their sectors**.

- **ESG Score > 90 – Transformational Stage (Integrated Sustainability)**
  Companies at this level fully integrate ESG principles into their business model and corporate culture. Sustainability is embedded in decision-making across all levels of the organisation, including capital allocation, product development, and long-term strategic planning. These companies position sustainability as a core source of competitive advantage and actively contribute to broader industry transformation. They represent best-in-class performers within the ESG continuum.

We conducted a comprehensive ESG assessment of all portfolio companies across our funds—Vietnam Holding Limited (VNH) and the Dynam Vietnam Fund (DVF)—using our proprietary ESG Rating Framework. As of 31 December 2025, we assessed 24 portfolio companies, with the average ESG score increasing to 75.4%, up from 72.5% in 2024 and 69.5% in 2023. The median score reached 80%, indicating that most of our holdings now meet or exceed our internal threshold for “ESG Strategic Group” category. This continued upward trajectory reflects not only enhanced disclosure practices but also deeper integration of governance oversight, sustainable finance frameworks, and climate-related risk management across the portfolio. When we first piloted our ESG framework in 2021, with 26 indicators, the average score was 61%. The steady improvement over the past five years underscores the structural progress made by our investee companies and validates our long-term engagement approach toward strengthening ESG integration.

A notable driver of improvement in 2025 was the banking sector, where all six portfolio banks recorded year-on-year increases in scores. Five of them now score above 80%, firmly positioning the sector as a leader in ESG integration within our portfolio. This step-change reflects stronger Board-level ESG oversight, expanded sustainable lending frameworks, clearer disclosure of green credit proportions, and growing integration of climate risk into credit assessment processes.

Additional indicators of portfolio-wide ESG progress include:

- 40% of the total portfolio now comprises companies that publish standalone sustainability reports aligned with the Global Reporting Initiative (GRI) standards, with increasingly robust climate-related disclosures.

- Companies listed on the Vietnam Sustainability Index (VNSI) account for approximately 30% of the portfolio as of 31 December 2025.

- Almost 40% of the portfolio has certain product or service lines that contribute to the 17 UN Sustainable Development Goals (SDGs).
- Companies reporting total carbon emissions account for more than 50% of the portfolio, reflecting expanding transparency on climate metrics.

These developments demonstrate the tangible impact of our continued engagement efforts—encouraging companies to strengthen governance structures, enhance transparency, and embed ESG principles into long-term strategy. As ESG adoption in Vietnam matures, we remain committed to advancing sustainable investment practices that enhance resilience, competitiveness, and long-term value creation.

Our top ESG performers by sector demonstrate how sustainability principles are embedded in strategy, governance, and operational execution. Their journeys reflect both sector-specific challenges and proactive leadership in advancing best practices.

Top ESG picks	GICS® Sector	ESG Narratives
PNJ	Consumer Discretionary	A recognised ESG leader in Vietnam's retail sector, PNJ integrates responsible sourcing, diversity and inclusion, and community development into its core strategy. The company continues to strengthen supply chain transparency, climate disclosure, and circular economy initiatives, reinforcing its position as a benchmark for responsible retail operations.
FPT	Information Technology	As Vietnam's leading technology exporter, FPT aligns international expansion with global ESG standards. The company achieved an A+ ESG rating from EcoVadis, reflecting strong governance systems, data security protocols, employee development policies, and growing commitment to carbon footprint management across global operations.
ACB	Banks	ACB is building a reputation as an ESG frontrunner in Vietnam's banking sector. The bank has expanded green and social lending programmes, strengthened ESG risk integration in credit assessment, and positioned itself as a financing partner for SMEs—supporting inclusive growth while advancing sustainable finance practices.
NLG	Real Estate Development	A pioneer in sustainable real estate development, NLG demonstrates best practices in corporate governance, particularly Board independence and transparent oversight structures. The company integrates energy efficiency, community planning, and affordable housing strategies into its long-term development model, aligning profitability with social impact.
GMD	Marine Port and Services	GMD is progressing toward greener port operations through renewable energy adoption, emissions monitoring, and supply chain optimisation. Its investments in energy-efficient infrastructure and environmental management systems position it as a leader in Vietnam's low-carbon logistics transition.
SSI	Financial services	As a leading securities firm, SSI has been proactive in advancing ESG within capital markets. The firm supports sustainable finance development, identifies opportunities in ESG-linked and impact-oriented funds, and strengthens disclosure and governance standards in Vietnam's financial ecosystem.

Sector Highlight – Banking Sector ESG Movement 2025

The Vietnamese banking sector emerged in 2025 as one of the strongest ESG performers within our portfolio. Across all seven banks assessed—VCB, ACB, CTG, TCB, STB, MBB, and VPB—year-on-year improvements were observed in green finance penetration, governance disclosure, and ESG risk integration. Based on our five-pillar assessment framework, we divide the banks into three groups:

- **Large state-owned banks (VCB, BID, CTG...) → institutional green finance anchors**
- **Private leaders (ACB, VPB) → SME inclusion**
- **Mid-tier banks → transition phase**

1. Institutionalisation of Green Finance

Green credit continues to expand across Vietnam's banking system, supported by the formal issuance of the Vietnam Green Taxonomy in July 2025. The taxonomy represents a structural milestone: it establishes a unified classification of environmentally sustainable activities, provides clarity for lenders and investors, and strengthens credibility in sustainable capital mobilisation. By reducing ambiguity in green asset identification, the taxonomy enhances transparency and supports the scaling of green finance across sectors.

Leading institutions such as Vietcombank (VCB) have issued green bonds and formalised sustainable finance frameworks aligned with international principles. ACB and VPB have expanded ESG-linked loan products, while several banks are increasing renewable energy exposure within their credit portfolios. The shift is increasingly visible at the portfolio level rather than through isolated pilot projects.

System-wide, green lending has maintained a strong growth trajectory, averaging approximately 22% compound annual growth (CAGR) over recent years. The proportion of green credit within total outstanding loans has risen steadily:

Year	Green credit/ Total credit
2016	1.5%
2020	4%
2024	4.3%
2025	6% (vs. 10% target)
2030 Target	20%

While green credit penetration remains below the long-term target of 20% by 2030, the acceleration from 4.3% in 2024 to approximately 6% in 2025 indicates renewed momentum following the introduction of the Green Taxonomy and carbon market framework. Importantly, green credit expansion is occurring alongside broader system credit growth, signalling structural integration rather than reclassification effects alone.

The trajectory suggests that Vietnam's banking sector is transitioning from early-stage experimentation to institutionalised green capital allocation — a critical foundation for supporting the country's net-zero commitment and strengthening its appeal to sustainable global investors.

2. Financial Inclusion as ESG Differentiator

Financial inclusion serves as a critical differentiator for ESG leadership within the Vietnamese banking sector. With SMEs comprising 95% of Vietnam's corporate landscape, sustainable banking in this market requires a dual mandate: driving inclusive economic growth while facilitating the green transition. ACB and VPB demonstrate a particularly robust focus on SMEs, while TCB and MBB leverage significant retail exposure and rapid digitalization to enhance credit accessibility for MSMEs.

3. ESG Risk Integration in Credit Decisions

Banks increasingly incorporate ESG screening into credit approval processes, with larger institutions formalising climate-related risk assessment frameworks. Disclosure quality has improved meaningfully, and Board-level ESG oversight is becoming standard among leading banks.

The evolution reflects a shift from compliance-driven reporting toward risk-based integration.

4. Capital Market Leadership

VCB stands out as a leader in sustainable capital mobilisation, having issued green bonds and partnered with international institutions. CTG has strengthened DFI partnerships and climate finance initiatives. Other banks are gradually expanding their role in ESG-linked capital markets.

5. Governance Maturity

Governance scores remain the strongest pillar across the sector. All the banks in our portfolio now score above 79% in our internal ESG rating scorecard, reflecting improvements in Board independence, risk oversight, and sustainability disclosure practices.

The 2025 results confirm that the banking sector is not only a beneficiary of Vietnam's green transition—it is a primary enabler. Sustainable finance expansion, SME inclusion, and governance reform are progressing simultaneously. As Vietnam advances toward its ambition of becoming a regional financial hub, the maturity of its banking sector's ESG integration will be a decisive competitive advantage in attracting sustainable capital.

Key Focus Areas

Governance as Strategic Enabler

Corporate Governance (CG) remains the foundation of long-term value creation. Strong governance structures ensure accountability, transparency, effective risk management, and ethical conduct, all of which are essential in emerging markets undergoing rapid development of capital markets.

As an active investor, we place significant emphasis on governance quality in our ESG assessment framework. The Corporate Governance pillar of our proprietary ESG Scorecard is developed in alignment with both Vietnamese regulatory requirements and international best practices, including:

- The Law on Enterprises
- The Law on Securities
- Decree 155/2020 on Corporate Governance of Public Companies
- Circular 96 on Information Disclosure
- Vietnam's Corporate Governance Code of Best Practices
- The ASEAN Corporate Governance Scorecard
- Selected IFC and OECD governance principles

Our framework assesses a broad spectrum of governance factors, including board composition and independence, risk management and internal control systems, shareholder rights protection, transparency and disclosure quality, executive accountability, and board-level oversight of environmental and social issues.

While Vietnam's equity market remains classified as a Frontier Market by MSCI and FTSE Russell, structural reforms are progressing toward eventual market reclassification. FTSE Russell is expected to upgrade Vietnam to Secondary Emerging Market in September 2026. Governance quality will be a decisive factor in this transition. Encouragingly, we observe that many leading portfolio companies are proactively aligning their governance practices with international standards in anticipation of increased foreign institutional participation. Several have adopted guidance from IFC ESG frameworks and enhanced internal governance charters to meet global expectations.

In 2025, governance remained the biggest weighting in our ESG Scorecard, and 45% of our portfolio scores above 80% in the Corporate Governance component. Key developments include:

- Expanded Board-level ESG oversight: More than half of portfolio companies now have a dedicated ESG or sustainability sub-committee and execution staff in charge, a much improvement as compared with 2024.

- Director capacity building: A growing number of directors have completed formal corporate governance training programmes, and more than half of companies have at least one certified independent director on the Board.

- Enhanced risk oversight: Companies are strengthening internal control mechanisms and formalising risk management frameworks, including climate and sustainability risks.

- Improved transparency and disclosure: Investor relations practices have matured significantly, with more frequent operational updates, quarterly disclosures, and improved availability of English-language materials.

- Sustainability reporting momentum: An increasing proportion of portfolio companies publish standalone sustainability reports aligned with GRI standards, with greater depth in climate-related disclosure.

These improvements demonstrate that governance reform in Vietnam is not merely regulatory compliance, it is increasingly strategic, driven by capital market discipline and investor expectations.

For Dynam, governance is not only a scoring metric, but it is also the anchor of long-term resilience. Companies with strong boards, transparent disclosure, and effective risk oversight are better positioned to navigate regulatory shifts, macroeconomic volatility, and sustainability transition risks. We therefore continue to prioritise governance engagement as a central pillar of our active ownership strategy. In 2025, we also contributed to the development of the VNCG Code 2026, which introduces a dedicated section on sustainable development and stakeholder engagement, reflecting the growing importance of ESG integration in corporate strategy and board oversight.

Climate Change

The Vietnamese Government committed the country to net-zero by 2050 during the COP-26 meeting in Glasgow. As a long-term investor focused on the Vietnamese market, we support the efforts of Vietnam's government and business community in addressing climate change and its socioeconomic effects. We have been actively contributing to the national and regional dialogue to drive forward the net-zero transition and will continue to do so.

Climate change is also the main topic for engagement with companies in our portfolio. Following on from a webinar we hosted in 2022, we have been working with companies to help them prepare for their ESG and carbon footprint reports. We are pleased to see that the number of portfolio companies reporting their total carbon emissions has increased this year, and we are particularly encouraged that some decided to do so only after meeting with us.

Climate-related Risk Management

As climate risks become increasingly material to long-term investment outcomes, Dynam has continued to strengthen its climate risk management framework in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

In 2025, we began working with MSCI Sustainability & Climate Analytics to enhance the depth and robustness of our portfolio climate-risk analysis. This collaboration enables us to apply internationally recognised methodologies for assessing transition risks, physical risks, and climate-related financial impacts, ensuring our approach aligns more closely with global institutional standards.

Our climate risk framework evaluates both transition risks and physical risks across the portfolio. Transition risks arise from policy changes, technological shifts, and evolving market preferences as economies transition toward low-carbon systems. Through MSCI's Climate Value-at-Risk (Climate VaR) model, we analyse how potential future carbon pricing policies and decarbonisation pathways could affect the valuation of companies in our portfolio.

Based on MSCI's modelling under the NGFS Net Zero 2050 scenario, approximately 9.94% of the VNH portfolio's present value could be exposed to transition policy risks, primarily driven by sectors with higher decarbonisation costs such as materials and energy. At the same time, the portfolio also benefits from low-carbon technology opportunities, which could generate approximately 0.38% valuation upside if companies capture emerging green growth opportunities.

In addition to transition risks, we also analyse physical climate risks, including extreme weather events and climate-driven disruptions to operations and supply chains. Using MSCI's geospatial climate risk analytics, we assess potential business interruption costs resulting from climate hazards, including extreme heat, flooding, tropical cyclones, and extreme precipitation.

The analysis indicates that extreme heat and flooding events represent the most significant climate hazards affecting portfolio companies, particularly under higher-warming scenarios such as RCP5-8.5 (approximately a 4°C warming pathway). These hazards could lead to increased operational disruptions and revenue losses across sectors with geographically concentrated assets or supply chains.

Companies with the largest potential exposure to physical disruption include firms with large operational footprints in Vietnam's coastal or urban economic centres, including technology, retail, banking, and industrial companies, reflecting the broader economic structure of the Vietnamese market.

These insights enable us to better identify climate-resilient companies, prioritising those that demonstrate strong governance, proactive decarbonisation strategies, and adoption of climate-adaptation measures.

Our engagement activities, therefore, continue to focus on:

- Encouraging portfolio companies to measure and disclose their total carbon emissions.
- Supporting companies in developing decarbonisation strategies.
- Integrating climate risk considerations into corporate governance and capital allocation decisions.

Metrics and Targets

To monitor climate-related risks and opportunities within the portfolio, Dynam Capital tracks several quantitative climate metrics aligned with international reporting practices.

- **Portfolio Carbon Footprint[2]:** Portfolio carbon footprint remains the primary metric for measuring the portfolio's climate impact. Our long-term target is to maintain the portfolio's carbon footprint at least 20% below the benchmark of the Vietnam All Share Index (VNAS). As of the latest measurement period, the portfolio's carbon intensity remains significantly lower than the benchmark index, reflecting our strategic allocation toward sectors with lower emissions intensity.
- **Climate Value-at-Risk (Climate VaR):** In 2025, we conducted Climate Value-at-Risk analysis through our service with MSCI. Climate VaR estimates the potential financial impact of climate transition and physical risks on portfolio valuations under different climate scenarios. Under the NGFS Net Zero 2050 scenario, the analysis indicates that approximately 10% of the portfolio's present value could be at risk, with major risks (60%) coming from the materials sector. On the other side, if companies in the industrials and materials sector capture low carbon technology opportunities, the current investment in these companies will present an upside valuation of 0.38% under the NGFS Net Zero 2050 Scenario. This means that while decarbonization policies could create valuation pressures for certain sectors, the portfolio also retains opportunities to benefit from the transition toward low-carbon technologies and services.
- **Weighted Average Carbon Intensity (WACI):** We continue to track the portfolio's WACI, which measures exposure to carbon-intensive companies based on emissions relative to revenue. This metric allows us to compare portfolio emissions intensity against the benchmark index and monitor progress over time.
- **Physical Climate Risk Exposure:** Using MSCI's geospatial risk modelling, we also monitor potential business interruption risks arising from climate hazards such as extreme heat, flooding, and tropical cyclones. The modelling suggests that extreme heat and precipitation-related flooding are likely to represent the most significant sources of climate-related operational disruption for our portfolio companies.

To assess the potential financial impact of climate-related physical hazards, we estimate Average Annual Loss (AAL) using scenario-based modelling. The analysis first evaluates climate hazard exposure at the company level, before aggregating the results to estimate portfolio-level impacts, assuming the current portfolio composition remains broadly unchanged through 2050. Two key metrics are used to capture the financial implications of climate hazards:

1. **Business Interruption AAL:** Business interruption resulting from climate-related hazards is estimated to lead to an average annual loss of approximately 2.8% of portfolio value in 2025, rising to above 3% by 2050 under both low- and high-emissions scenarios. This reflects the increasing vulnerability of supply chains, logistics networks, and operational continuity to climate-related disruptions such as flooding, extreme weather events, and infrastructure stress.

[2] All the analysis of climate-related and nature-related risks in the report is based on VNH and DVF Portfolio as of 31 December 2024.

2 **Asset Damage AAL:** Direct asset damage loss is estimated to remain below 1% of total portfolio value, indicating that while physical damage to assets may occur, the more material financial risk arises from operational disruption rather than physical asset destruction.

Figure 1 – Estimation of Portfolio-level Incremental Impacts Over Time[3]

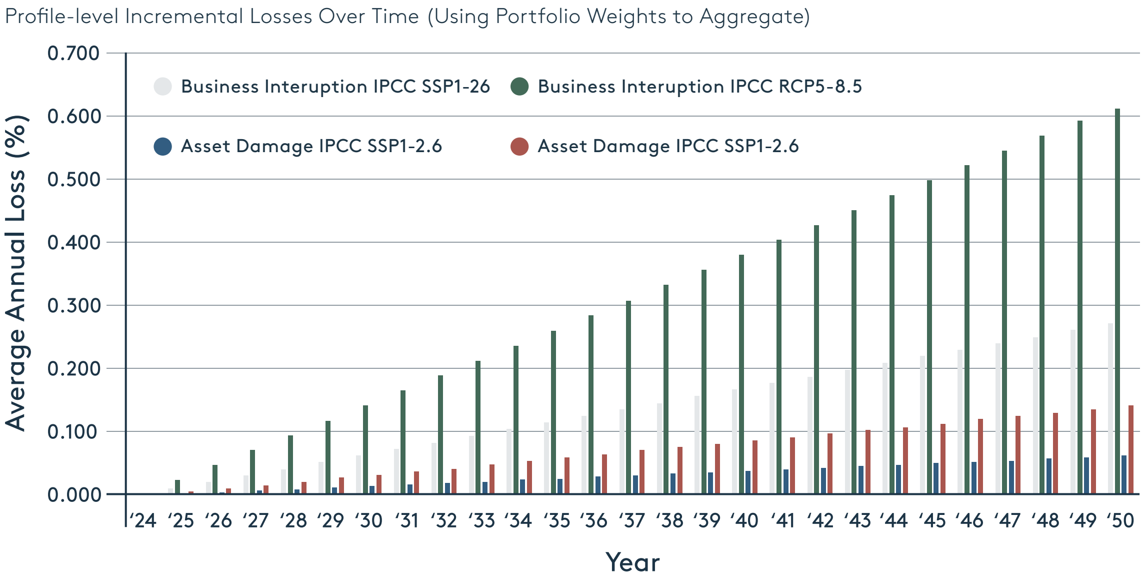


Figure 2 – Climate Vulnerability & Hazard Sensitivity Matrix by Sector

Sector	Vulnerability Level	Primary Climate Hazards	Financial Impact Drivers
Real Estate & Construction	High	Flooding, Extreme Precipitation, Extreme Heat	Asset damage to fixed sites & project delays due to extreme weather.
Manufacturing / Industrials	High	Extreme Heat, Flooding, Tropical Cyclones	Supply chain disruptions and increased cooling/operational costs.
Consumer Retail	Medium-High	Extreme Heat, Flooding	Logistics interruptions and reduced consumer footfall during heatwaves.
Marine Ports & Logistics	Medium-High	Tropical Cyclones, Sea Level Rise, Flooding	Operational downtime and physical damage to coastal infrastructure.
Technology & Financials	Low-Medium	Extreme Heat, Urban Flooding	Indirect risks via power grid instability or localized office disruptions.

- **Low-Carbon Investment Strategy:** As global decarbonisation accelerates, we continue to evaluate investment opportunities in sectors positioned to benefit from the energy transition, including: (i) renewable energy infrastructure; (ii) digitalisation and energy efficiency solutions; (iii) sustainable consumer platforms, and (iv) climate-resilient urban infrastructure.

[3] The estimation uses data of VNH Portfolio as of 31 December 2024.

Subject to investor approvals, we intend to establish a formal portfolio target for low-carbon investment allocation in the coming years. Over the next two years, Dynam will focus on further strengthening its climate strategy through:

- Continue monitoring and reduction of portfolio carbon footprint
- Deeper integration of MSCI climate risk analytics into portfolio risk management
- Enhanced climate-related disclosures aligned with TCFD recommendations
- Active engagement with investee companies to develop science-based decarbonisation pathways
- Establishment of operational decarbonisation targets for Dynam's own activities

Through these initiatives, we aim to further embed climate considerations into our investment process and support Vietnam's broader transition toward a low-carbon and climate-resilient economy.

Below is a summary of the carbon footprint calculation results for the VNH and DVF portfolios, based on public company data as of 31 December 2024, and their comparison with the attributable carbon footprint of an identical amount invested in companies in the Vietnam All Share Index (VNAS).

Figure 3 – VNH Portfolio 2024 Carbon footprint[4]	**VNH Portfolio**	**VNAS Benchmark**	**Difference between VNH Portfolio vs. the benchmark**
Financed Emissions Scope 1&2 (tCO_2e)	5,168.6	14,705.14	- 9,536.53
Financed Emissions Scope 3 (tCO_2e)	34,871.6	58,750.87	- 23,879.18
Financed Emissions Scope 1, 2 & 3 (tCO_2e)	40,040.3	73,456.01	- 33,415.71
Emission Intensity (tCO_2e/ USD Million Invested)	44.11	125.51	-65%

Figure 4 – DVF Portfolio 2024 Carbon footprint	**DVF Portfolio**	**VNAS Benchmark**	**Difference between DVF Portfolio vs. the benchmark**
Financed Emissions Scope 1&2 (tCO_2e)	1,869.2	5,369.3	3,500.1
Financed Emissions Scope 3 (tCO_2e)	12,366.2	21,451.9	9,085.7
Financed Emissions Scope 1, 2 & 3 (tCO_2e)	14,235.3	26,821.2	12,585.9
Emission Intensity (tCO_2e/ USD Million Invested)	43.69	125.50	-65.2%

Nature

In 2025, Dynam expanded its environmental risk framework to include nature-related risk assessment, in line with the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations. This reflects the growing recognition that biodiversity loss, ecosystem degradation, and natural capital depletion can have material financial implications for investment portfolios.

To strengthen our analytical capability, we collaborated with MSCI Sustainability & Climate Analytics to conduct a geospatial nature-risk assessment of portfolio companies. The analysis evaluates the exposure of company assets and operations to nature-related risks, including biodiversity-sensitive areas, water stress, land-use change, and ecosystem degradation.

[4] Methodological Change in Carbon Accounting: Starting with the 2025 ESG Report (covering 2024 data), Dynam has transitioned from using Vietnam Emission Factors to Global Emission Factors through MSCI Sustainability & Climate Analytics. Due to this change in the underlying calculation coefficients, carbon footprint metrics for the 2024 period are not directly comparable to data published in previous annual reports.

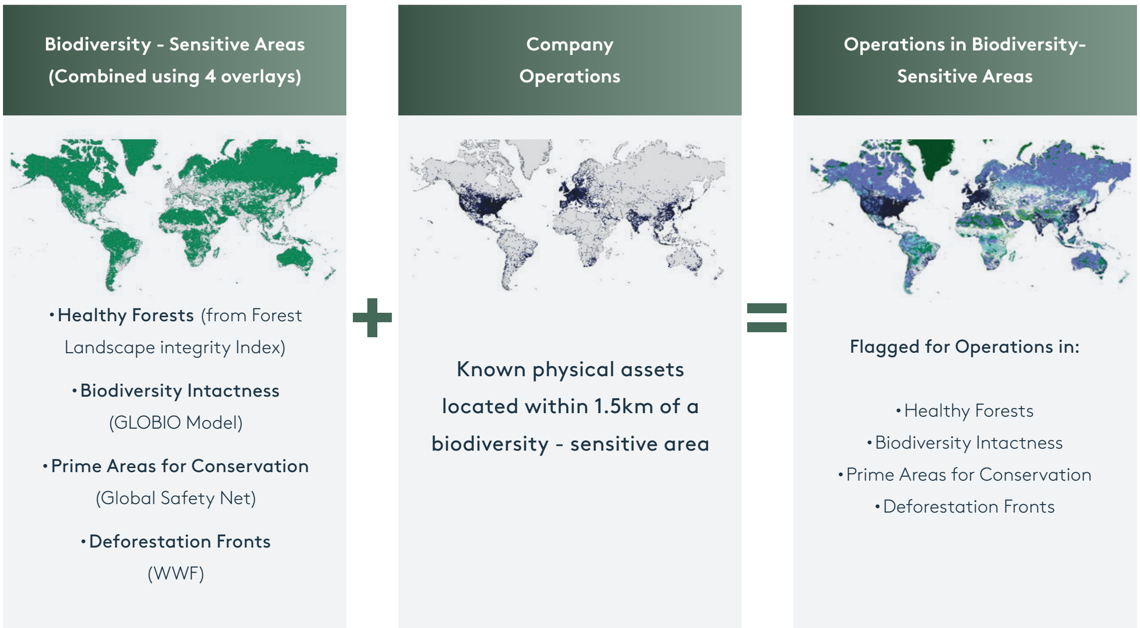
This approach allows us to identify potential dependencies and impacts of portfolio companies on natural capital systems and to better understand how environmental degradation could affect long-term enterprise value.

Framework for Nature Risk Assessment: The LEAP Approach

We utilise the TNFD LEAP approach to identify dependencies and impacts on natural capital.

- **Locate:** Using MSCI's geospatial insights, we screen the physical locations of portfolio companies with MSCI's high-level "biodiversity sensitive areas" (BSAs) overlay to assess their operations in BSAs.

Figure 5 – MSCI's Biodiversity Sensitive Areas



- **Evaluate:** Based on MSCI geospatial data collection and the WWF Biodiversity Risk Filter Framework, we identify 7 main activity types within the portfolio companies that have impact on or depend on nature and assess companies' exposure to biodiversity risk indicators across water, air, soil, and forests. The MSCI geospatial analysis indicates that nature-related risks vary significantly across sectors within the portfolio.
- **Assess:** We categorise potential financial risks into three primary areas:
  - **1. Physical Risks:** Ecosystem degradation and water scarcity.
  - **2. Transition Risks:** New environmental regulations or land-use restrictions.
  - **3. Reputational Risks:** Scrutiny regarding deforestation or pollution.
- **Prepare:** These insights guide our investment decisions and shape our engagement efforts toward companies with high natural dependence.

Figure 6 - Sector-Level Nature Risk Heatmap

Sector	Dependency Level	Material Impact Level	Primary Drivers of Nature Risk
Consumer Staples (F&B)	Very High	Very High	Land use change, water use, and soil pollution.
Consumer Discretionary (Retail)	High	High	Supply chain impacts and waste generation.
Real Estate & Construction	High	High	Land use change, resource consumption, and land conversion.
Materials (Chemicals/Mining)	Medium	Very High	Pollution (soil/water) and waste generation.
Industrials (Logistics/Ports)	Medium	High	Biodiversity-sensitive locations and coastal land use.
Information Technology	Low	Low	Indirect risks via energy intensity and e-waste supply chains.
Financials	Low	Low	Indirect exposure via credit allocation and project finance.

Nature-related considerations are now incorporated into Dynam's broader ESG risk framework through:

- Geospatial risk screening for portfolio companies
- Identification of companies with high dependence on ecosystem services
- Engagement with investee companies on water management, land use, and biodiversity protection
- Monitoring of evolving nature-related disclosure standards, including TNFD recommendations

This work complements our climate-risk analysis under the TCFD framework, recognising that climate change and biodiversity loss are closely interconnected environmental challenges. As the global sustainable finance landscape evolves, Dynam will continue strengthening its approach to nature-related risk management. Our priorities over the coming years include:

- expanding geospatial environmental risk screening across the portfolio
- encouraging portfolio companies to assess their natural-related impacts and dependencies
- integrating biodiversity and ecosystem considerations into engagement priorities
- aligning future reporting with the TNFD framework

By incorporating nature-related risks alongside climate considerations, Dynam aims to provide investors with a more comprehensive view of environmental risks and opportunities within the portfolio while supporting the transition toward a more nature-positive economy.

Diversity, Equity, and Inclusion

Diversity, Equity, and Inclusion (DEI) in the workplace is based on the principle that recruiting and supporting workers from diverse backgrounds is integral to a company's success, encompassing policies and initiatives that help all employees feel welcome and equipped to perform their jobs at a high level. In our ESG rating framework, DEI is assessed based on the company's employee health and well-being policies, its succession planning process, the gender balance of its workforce, the proportion of women in senior positions, the availability of company policies towards LGBTQ+ and the support (or lack of) for pregnant and nursing employees and people with disabilities.

While most companies in our portfolios have, to a certain extent, disclosed their employee health and well-being policies, succession planning processes, and data on gender balance, very few are devoted to creating LGBTQ+ inclusive workplaces and supportive policies for employees with disabilities.

Our important stewardship role

Our Voting Records

Throughout 2025, we voted at the Annual General Meetings (AGM) of all portfolio companies on behalf of our client funds. In the past year these AGMs were held in both online and offline modes. We considered each issue on its merits in relation to the strategic objectives of the investee company and its long-term performance and voted 100% in favour of all agenda items.

As part of our usual practice, we discussed the agenda items, where possible, with the investee companies' board of directors ahead of the AGMs. In all cases during the past year, we voted for every agenda item proposed by the companies' boards of directors. The voting records of the 2025 AGMs were published on our website.

Our Engagement

Active ownership and constructive engagement remain central to our investment philosophy. We place strong emphasis on the engagement mandate entrusted to us by our stakeholders and maintain regular dialogue with portfolio company executives through our Company Engagement Programme, which includes structured meetings, ongoing discussions, and targeted follow-ups.

Our engagement efforts focus not only on strengthening financial performance but also on encouraging the systematic integration of environmental, social, and governance (ESG) considerations into corporate strategy and operations. Through continuous dialogue, we aim to support portfolio companies in improving governance standards, enhancing sustainability policies, and building organisational cultures that recognise ESG as a driver of long-term value creation.

By deepening our understanding of company-specific challenges and opportunities, we can provide management teams with constructive feedback and guidance on both financial and ESG matters. This approach enables us to drive positive change, from strengthening governance frameworks to encouraging the adoption of climate and sustainability initiatives, while also informing our investment decisions.

In 2025, our engagement efforts expanded beyond portfolio-level dialogue to include market-wide initiatives to strengthen ESG practices across Vietnam's capital markets. We worked closely with the Vietnam Institute of Directors (VIOD) to support improvements in corporate governance standards and ESG disclosure among Vietnamese listed companies. These efforts contribute to Vietnam's broader ambition to upgrade its equity market classification—first to FTSE Secondary Emerging Market status, and ultimately toward MSCI Emerging Market status.

One notable initiative was the ESG Rating Workshop, co-organised with VIOD and supported by MSCI, which served as the lead technical speaker. The event brought together market regulators, institutional investors, and representatives from more than 50 Vietnamese listed companies to discuss international ESG rating methodologies, disclosure standards, and the growing importance of sustainability in global capital allocation.

Through such collaborative initiatives, we aim to contribute not only to improving ESG practices within our portfolio companies but also to developing a more transparent, sustainable, and internationally competitive capital market in Vietnam.

Membership and Partnership to promote ESG practices

The Principles for Responsible Investment

As mentioned above, Dynam's responsible investment policy is aligned with the UN-supported Principles for Responsible Investment (PRI). Each year, the company reports on its responsible investment activities through the PRI Transparency Report. In its 2025 PRI Transparency report, the Company received five-star scores for two modules and a four-star score for the remaining module. VNH received five-star scores across all the modules reported in its PRI Transparency Report. The improvement in active ownership activities was noted, particularly in our engagement approach, escalation strategy, the number of companies engaged with, the topics covered, and the way we share insights from engagements with our stakeholders.

Vietnam Institute of Directors (VIOD)

Mr Vu Quang Thinh, the co-founder of Dynam, is a founder member and a member of the Board of Directors of the Vietnam Institute of Directors (VIOD), a professional organisation promoting corporate governance standards and best practices in the Vietnamese corporate sector. VIOD was legally established in 2018, with technical support from the IFC, a member of the World Bank Group, and SECO, the Swiss State Secretariat for Economic Affairs. Governed by a board of directors comprising various private-sector representatives, VIOD collaborates closely with and is supported by the State Securities Commission of Vietnam ("SSC"), HOSE, and HNX under the Vietnam Corporate Governance Initiative ("VCGI"). With the support of SSC, VIOD will continue to represent Vietnam for participation in the ASEAN Corporate Governance Scorecard. Our close collaboration with VIOD will continue to play a key role in fostering good corporate governance in Vietnam over the coming years.

Asia Investor Group on Climate Change (AIGCC)

Dynam is an active member of the Asia Investor Group on Climate Change (AIGCC). We signed the 2022 Global Investor Statement to Governments on the Climate Crisis alongside 602 investors, representing almost USD 42 trillion in assets under management. Its aim is to raise climate ambitions and implement meaningful policies to address the climate crisis. In addition, we have been applying AIGCC's Investor Climate Action Plan to set out our climate strategy, while regularly attending AIGCC's monthly member meetings (including training sessions) on climate change.

Supporting local initiatives

In 2025, we worked to promote greater ESG awareness in Vietnam. We supported the Vietnam ESG Conference 2025 as an engagement partner. We also helped strengthen the sustainability conversation in Vietnam through published articles in local business magazines, and Dear Our Communities, a start-up that produces podcasts and creative media to help young people in the country learn more about sustainability issues and relevant career opportunities.

Disclaimer

This document is neither an offer to sell nor a solicitation of any offer to buy shares in any fund managed by Dynam Capital. Any offering is made pursuant to the relevant information memorandum, together with the current financial statements of the relevant fund, if available, and the relevant subscription application, all of which must be read in their entirety. This document is not an advertisement and is not intended for public use or distribution.