

Dragon Capital Principles

Our mission

Dragon Capital is dedicated to creating enduring value through a commitment to responsibility and pioneering the development of the capital markets in Vietnam. We combine expertise, resources, and ideas to foster sustainable growth, enriching society and the environment with a focus on long-term success for stakeholders and excellent performance for our clients.

Our beliefs

We recognise that environmental, social and governance (ESG) issues can influence investment risk and thus portfolio performance. Dragon Capital is a signatory to the UN Principles for Responsible Investment and has adopted the principles of the UN Global Compact (UNGC) as guidance for our investment activities. As Responsible Investors, we believe that considering ESG criteria in our investment process delivers better value to our company, stakeholders and the wider community.

Our approach

Dragon Capital therefore seeks to optimise risk-adjusted performance by integrating ESG factors throughout the investment process and across its actively managed funds, comprising public equity and bond funds.

ESG Integration

In line with the UNGC and UNPRI principles, Dragon Capital continually endeavours to ensure effective social, environmental and governance management practices in its activities, products and services, with a special focus on the following:

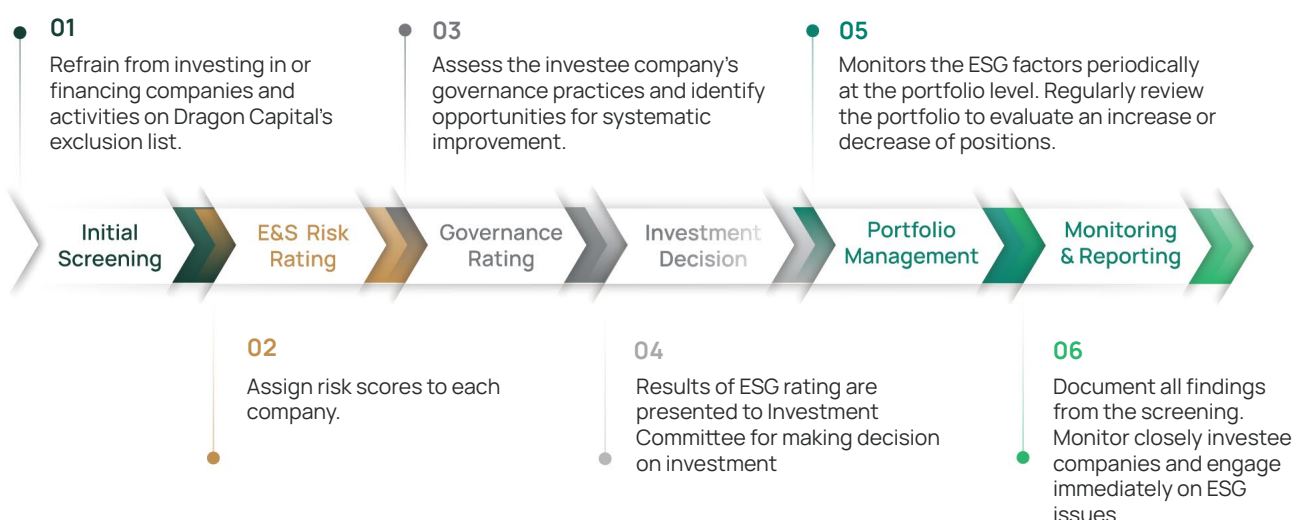
1. Exclusion list:

We do not invest, or finance companies involved in Dragon Capital's Exclusion list activities. (See appendix for the completed exclusion list).

2. ESG Management System:

We are committed to full and consistent compliance with Dragon Capital's ESG Management System (ESGMS) to ensure that environmental, social and governance risks are assessed and evaluated throughout the investment appraisal and management processes. We review our ESG assessment using a bespoke scorecard before investment and at least annually. Monitoring allows us to evaluate the effectiveness of our engagement with companies and to ensure our investments remain within an agreed acceptable risk level. The ESG risk management framework is integrated in Dragon Capital's overall organisational structure, planning activities, responsibilities, practices, procedures, processes, and resources.

The below schematic summarizes the major steps of our ESG Management System:



UN Global Compact (UNGC) and IFC Performance Standards

We use a number of benchmarks to assess all investment activities undertaken by the company. We evaluate publicly available information relating to potential investments to seek confirmation that company activities are consistent with (i) the applicable national laws on environment, health, safety, social and governance issue, (ii) the ten UNGC Principles, which cover human rights, labour standards, the environment and anti-corruption, and are derived from the international declarations and conventions. Our corporate bond fund considers performance of companies against the objectives of the IFC Performance Standards.

Key Areas of Corporate Governance Assessment

Dragon Capital has adopted the Vietnam Corporate Governance Scorecard to assess the investee company's governance practices and to identify opportunities for systematic improvement. The corporate governance risk rating covers the following five key areas of the OECD Principles.

1.	Rights of shareholders
2.	Equitable treatment of shareholders
3.	Role of stakeholders
4.	Disclosure and transparency
5.	Responsibilities of the board

3. Active ownership:

We are committed to being an active owner of our investments. We have a fiduciary responsibility to act in the best interests of our clients by taking a strategic, long-term approach to responsible investing. We exercise our voting rights, engaging with investee companies, and in advocacy activities to create sustainable value, not just in an economic sense but also in the ESG context.

Voting rights

Exercising voting rights is an integral part of our investment process. We believe that voting is essential for promoting good corporate governance, which aligns with our long-term investment goals. In line with our fiduciary duty, we vote diligently and prudently, based on what we reasonably believe will best serve the economic interests of our clients.

Whenever practicable, we vote at the meetings called by the companies in which we are invested. Informed by our ESG assessments, we establish our stance on key corporate governance issues, including disclosure and transparency, board composition, committee structure, director independence, auditor rotation, and social and environmental matters. While our approach to these issues forms the basis of our voting decisions, each vote is ultimately cast on a case-by-case basis, considering the specific circumstances.

Voting Process

Dragon Capital's voting process includes pre-vote engagement with portfolio companies on key ESG, and other relevant issues. Our Investment Team, comprising Research Analysts and Portfolio Managers, evaluates insights from these discussions to make informed voting decisions. For significant matters, we seek additional input from third-party experts to ensure thorough decision-making.

We disclose our voting reports in the annual reports of our major public equity funds to enhance transparency. Post-vote, we engage with companies to discuss our decisions and expectations for future governance improvements. We review our voting policy and procedures annually to ensure alignment with industry standards.

Engagement

Being a long-term, responsible investor, we believe that shareholder engagements with investee companies on ESG issues contributes to positive change, influences companies to take positive steps toward improving sustainability policies, practices and performance, and thereby protects and increases its economic value. Engagement also gives us the opportunity to express our views and opinions to the senior management of companies and promote knowledge sharing challenges and practices. Our engagement plan is informed by the ESG assessment undertaken for each company. By enhancing our knowledge on specific issues, we can make more informed investment decisions in relation to investee companies or the relevant industry and add value to society.

Conflicts of interest

Engagement processes and voting rights are exercised in line with the best interest of clients to protect and enhance the long-term value of shareholdings. Dragon Capital has policies and procedures in place to manage potential conflicts in a way that safeguards the interests of all shareholders. Where potential conflicts are identified, we are committed to ensuring that they are effectively and fairly managed to prevent these conflicts from damaging the interests of our clients, and to enhance the long-term value of their shareholdings.

Advocacy

Dragon Capital has been at the forefront of investor initiatives to encourage corporate sustainability, transparency, and accountability, and is involved in dialogues with policymakers on legislation of capital markets, renewable energy and ESG practices. We view policy advocacy as essential for responsible investors and key to strengthening the stability and integrity of the financial sector and delivering wider economic benefits.

4. Climate change:

We recognise that climate change, greenhouse gas (GHG) emissions, and biodiversity loss are interconnected challenges that pose significant risks to businesses and communities. As responsible long-term investors, we are committed to addressing these global issues. Although the availability and quality of climate and GHG emission data in Vietnam are limited, we strive to align with the principles of the Task Force on Climate-related Financial Disclosures (TCFD) framework. To better understand and manage these risks, we partner with a leading ClimateTech solutions provider in Asia to conduct climate-related risk assessments for our major public equity funds. Our priorities include promoting energy efficiency, supporting the transition to renewable energy, and increasing transparency through carbon footprint disclosures, while continually enhancing our approach to these critical challenges.

5. Capacity building:

We commit to continually build the capacity of Dragon Capital staff to identify ESG risks, comprising Dragon Capital's senior management, ESG Core Team, portfolio managers and analysts. The entire ESGMS, including the proposed budget and training plan, has been reviewed and approved by senior management to ensure that it is integrated as part of Dragon Capital's standard operating procedures.

6. Reporting:

We are committed to transparent and comprehensive ESG reporting. At the company level, as a signatory of the UN Principles for Responsible Investment (UNPRI), Dragon Capital submits annual reports detailing our ESG activities to the UNPRI under its reporting framework. For our major active public equity funds, we publish ESG reports and TCFD assessments as part of our annual fund reports, which are available on our website. Additionally, we provide specific ESG due diligence reports upon client request.

This policy outlines high-level principles and is communicated to all Dragon Capital staff, consultants, and stakeholders. It will be reviewed at least annually by Senior Management and updated as necessary to ensure it supports Dragon Capital's continuous improvement in meeting its ESG commitments and goals.

We do not invest, or finance companies involved in:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceutical, pesticides/herbicides, ozone-depleting substances, PCB, wildlife or products regulated by CITES.
- Production or trade in weapons and munitions (*)
- Production or trade in alcoholic beverages (excluding beer and wine) 1(*)
- 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 IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5km in length.
- Activities involving harmful or exploitative forms of forced/harmful child labour.

(*) This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations (less than 15% of total revenue).