



## Contents

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<b>About Dynam Capital</b>	<b>1</b>
Our 2024 highlights	1
<hr/>	
<b>Dynam's ESG Philosophy</b>	<b>2</b>
<hr/>	
<b>Key Global ESG Trends in 2024</b>	<b>3</b>
Regulatory Developments & Regional Divergences	3
Investor Attitudes Towards ESG	3
Corporate Strategy Adjustments	3
Technology's Role in ESG	4
<hr/>	
<b>Vietnam context: Right on track for green growth development</b>	<b>5</b>
From policy to actions	5
ESG keeps moving up Vietnam's corporate agenda	6
<hr/>	
<b>ESG Integration in our Investment Process</b>	<b>7</b>
Implementing our ESG Rating Framework	7
<hr/>	
<b>Our ESG Key Focus Areas</b>	<b>9</b>
Corporate Governance	9
Climate Change	10
Diversity, Equity and Inclusion	11
<hr/>	
<b>Our important stewardship role</b>	<b>12</b>
Our Voting Records	12
Our Engagement	12
<hr/>	
<b>Membership and Partnership to promote ESG practices</b>	<b>14</b>

## About Dynam Capital

Dynam Capital (Dynam) is a partner-owned business whose sole focus is 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 investment fund focussed on Vietnam and has overseen the PRI Transparency Report of VNH since then. In June 2022, Dynam Capital launched the Dynam Vietnam Sustainable Growth Fund, a Guernsey investment fund also focussed on Vietnam.

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

Dynam's CEO Vu Quang Think 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, and a member of the Board of Directors of the Vietnam Institute of Directors (VIOD), a professional organization promoting corporate governance standards and best practice in the Vietnamese corporate sector.

### Our 2024 highlights

- The 2024 PRI Transparency Reports received top scores across the reported modules.
- Supported a very successful ESG Investment Conference in Vietnam as a Title Sponsor.
- Maintained a very active company engagement programme and further improved the internal ESG integration process.
- Companies with ESG Scores over 70% based on our internal ESG rating framework account for 70% of our total portfolio weight.

## Dynam’s ESG Philosophy

Dynam Capital is a responsible investor focused on long-term outcomes, which 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 risks in the long-term since they are at the core of 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 as well as their financial and non-financial reporting.

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 both build resilience and seize opportunities.

### Our ESG integration process

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.



## Key Global ESG Trends in 2024

The global ESG landscape in 2024 was defined by regulatory shifts, changing investor sentiment, and corporate realignments in response to an uncertain economic and political environment.

### Regulatory Developments & Regional Divergences

In the United States, the new administration led by President Trump rolled back several ESG-focused regulations, reducing climate-related disclosure requirements and encouraging fossil fuel investments. Meanwhile, Europe strengthened its commitment to sustainability with the Corporate Sustainability Reporting Directive (CSRD) expanding ESG reporting mandates. Asia saw a mixed response, with some economies accelerating green finance initiatives while others prioritized economic stability over aggressive sustainability policies.

### Investor Attitudes Towards ESG

Statistics show that support for ESG-focused resolutions among institutional investors declined, particularly in the US. The world's four largest asset managers - BlackRock, Fidelity Investments, State Street and Vanguard, which are US-headquartered and together manage \$23tn (£18tn) in assets, demonstrated minimal support for ESG proposals, collectively endorsing only 7% of shareholder resolutions in 2024. In contrast, UK and European investors supported 81% of ESG resolutions, highlighting regional disparities.<sup>1</sup>

However, in Europe and parts of Asia, sustainable finance continued to gain traction, particularly in climate-focused investments and impact funds. In 2024, the European Union reported approximately €6.6 trillion in ESG assets under management, accounting for 38% of the total €17.2 trillion in assets managed within the EU. This substantial proportion underscores the region's strong commitment to integrating ESG considerations into investment strategies.<sup>2</sup>

In 2024, impact investments allocated to Asia reached approximately \$80 billion USD, a substantial increase from \$51 billion USD in 2019, signaling growing interest in the region among global investors. Notably, 89% of Asia-focused impact investors reported that their financial returns were outperforming or in line with expectations, and 88% expressed satisfaction with their impact outcomes. Looking ahead, 49% of global investors plan to increase their allocations to Southeast Asia in 2025, while 60% of Asia-focused investors intend to expand investments in East Asia, reflecting confidence in the region's sustainable investment opportunities.<sup>3</sup>

### Corporate Strategy Adjustments

In 2024, numerous major corporations reassessed and, in some cases, scaled back their Environmental, Social, and Governance (ESG) commitments due to financial pressures and political uncertainties. For instance, HSBC postponed its net-zero greenhouse gas emissions target for operations and supply chains from 2030 to 2050, citing challenges faced by suppliers in meeting the original deadline.<sup>4</sup>

In the US, under the Trump Administration, prominent companies such as Amazon, Google, Walmart, and Meta have reduced or ended their diversity, equity, and inclusion (DEI) programs, influenced by political pressures and executive orders aimed at dismantling federal DEI initiatives.<sup>5</sup>

<sup>1</sup> [The Guardian, Sustainalytics](#)

<sup>2</sup> [European Parliament](#)

<sup>3</sup> Hand, D., Ulanow, M., Remsberg, R., Xiao, K. (2024). In Focus: Impact Investing in Asia in 2024. The Global Impact Investing Network (GIIN). New York.

<sup>4</sup> [HSBC's net-zero target is pushed back 20 years](#)

<sup>5</sup> [The Business Insider](#)

Despite these corporate adjustments, consumer demand for sustainable and responsible business practices has remained robust. A 2024 survey by Euromonitor International revealed that 45% of global consumers try to have a positive impact on the environment through everyday actions. Consumers expect corporate climate action and seek transparent proof to validate their trust. As they meticulously examine the whole product lifecycle from sourcing to disposal, choosing robust claims that show carbon reduction will be key in convincing sustainability-focused consumers.<sup>6</sup> Another survey by PwC on more than 20,000 consumers from across 31 countries and territories found that 85% consumers are experiencing first-hand the disruptive effects of climate change in their daily lives and are prioritising consumption that integrates sustainability-focused practices. Consumers are willing to spend an average of 9.7% more on sustainably produced or sourced goods, even as cost-of-living and inflationary concerns weigh.<sup>7</sup>

### **Technology's Role in ESG**

The incorporation of AI technologies into ESG frameworks is revolutionising how organisations approach sustainability. AI's ability to analyse vast amounts of data enables companies to gain deeper insights into their environmental impact, optimise resource use, and predict future sustainability trends. This year, AI has played a critical role in enhancing the accuracy and efficiency of ESG reporting, providing real-time data analytics and enabling predictive modelling. These capabilities are not only improving operational inefficiencies but also helping companies to proactively address potential ESG risks.<sup>8</sup>

Furthermore, the shift towards data-driven ESG practices marks a significant transformation in how companies manage and report their sustainability efforts. By leveraging advanced data analytics, organisations can track and measure their ESG performance with greater precision. This data-centric approach facilitates better decision-making, ensures compliance with regulatory requirements, and enhances transparency. By integrating comprehensive data analytics, companies can identify areas for improvement, benchmark their performance against industry standards, and communicate their sustainability achievements more effectively to stakeholders.<sup>9</sup>

*In summary, 2024 witnessed a complex interplay of declining support for ESG initiatives, influenced by political and regulatory factors, alongside persistent investor interest in sustainable practices. This dichotomy underscores the evolving and multifaceted nature of ESG investing in a dynamic global landscape.*

<sup>6</sup> [Euromonitor International, 2024](#)

<sup>7</sup> [PwC's 2024 Voice of the Consumer Survey](#)

<sup>8</sup> MSCI 2024; MIT Sloan Review 2024

<sup>9</sup> Thompson Reuters 2024

## Vietnam context: Right on track for green growth development

Amidst global headwinds, Vietnam reaffirmed its commitment to green growth and sustainable development, aligning national policies with actionable strategies to foster an environmentally resilient economy. The country recognizes that embracing green growth is essential not only for environmental sustainability but also for attracting high-quality foreign direct investments (FDIs). Vietnam's "green carpet" approach is a strategic initiative designed to attract high-quality foreign direct investments (FDIs) by promoting sustainable policies and solutions. This approach prioritizes innovative, knowledge-based industries over traditional manufacturing or resource extraction sectors, aligning with global trends toward environmental sustainability. By fostering a conducive environment for eco-friendly investments, Vietnam aims to enhance its competitiveness and ensure long-term economic resilience. Key components of the Green Carpet Approach include:

- **Policy Reforms and Commitments:** Vietnam has undertaken substantial policy reforms to attract sustainable investments, including active participation in global initiatives and a pledge to achieve net-zero emissions by 2050. The National Green Growth Strategy for 2021-2030, with a vision to 2050, outlines comprehensive measures to reduce greenhouse gas emissions and enhance energy efficiency.
- **Incentives for Green Investments:** The government offers various incentives to attract green investments, such as tax reductions, land lease discounts, and subsidies for projects that align with environmental sustainability goals.
- **Renewable Energy Integration:** Recognizing the importance of stable and sustainable energy sources, Vietnam is focusing on integrating renewable energy into its power grid. Initiatives like the Direct Power Purchase Agreement (DPPA) are being recommended to allow investors to procure electricity directly from renewable energy projects, facilitating their commitments to using 100% green energy.

### From policy to actions

Translating policy into tangible actions, Vietnam has made significant strides in implementing green growth initiatives:

- **Renewable energy expansion:** The government has revised the Power Development Plan VIII (PDP8), with the new draft showing an even stronger commitment of Vietnam toward energy transition and net zero, in which wind and solar will be the key supplier of electricity for Vietnam's economy in the next 10 years. This plan also includes the integration of nuclear energy and hydrogen, alongside traditional renewables like solar and wind, to diversify and secure the energy supply.
- **Advancing the development of a domestic carbon market:** On January 24, 2025, the Prime Minister approved Decision No. 232/QĐ-TTg, initiating a project to establish and develop this market. The plan includes finalizing the legal framework and necessary infrastructure by June 2025, launching a pilot phase from June 2025 to December 2028, and achieving full operational status by 2029. This carbon market aims to support the country's greenhouse gas reduction targets, create new financial flows for emission reduction activities, and promote the transition to a low-carbon economy.
- **Green Building Initiatives:** As of the first quarter of 2024, Vietnam boasts nearly 430 green-certified building projects, with projections to reach 582 by 2030.<sup>10</sup> These figures far surpass the previously set targets outlined in Decision No 280/QĐ-TTg of the Prime Minister, which aimed for 80 green buildings by 2025 and 150 by 2030. The government has facilitated this growth through incentives such as tax reductions, land lease discounts, and subsidies, encouraging businesses to adopt energy-efficient and environmentally friendly building practices.

<sup>10</sup> [US Department of Commerce](#)

- **ESG Integration in Enterprises:** Aligning with its commitment to carbon reduction and achieving Net Zero by 2050, Vietnam is increasingly focusing on sustainable enterprises. The definition of “sustainable enterprises” has been emphasized and mentioned in Program 167, with its full name being “Program to support private sector sustainable enterprise development phase 2022 – 2025” stipulated in Decision No. 167/QĐ-TTĐ dated 08 February 2022 by the Prime Minister, aiming to promote enterprises towards sustainable development.

### ESG keeps moving up Vietnam’s corporate agenda

In alignment with the Vietnamese government’s emphasis on green growth, the integration of ESG principles has become a strategic priority for enterprises across the nation. According to PwC Vietnam’s ESG Readiness report 2022, about 80% of Vietnam’s companies have made related commitments or plan to do so in the next two to four years. The top reason cited for pursuing ESG is brand image and reputation (82%), while the second most cited reason is to remain competitive (68%). A survey conducted by the Vietnam Business Forum (VBF) in late 2023 and early 2024, which gathered insights from over 650 foreign companies operating in Vietnam, highlighted that foreign businesses operating in Vietnam prioritize ESG matters to facilitate business expansion and align with sustainable development goals.

From a consumer perspective, the demand for green products and services in Vietnam has been on an upward trajectory, with an average annual growth rate of 15% during the 2021-2023 period<sup>11</sup>. The NielsenIQ Consumer Outlook and Expectation 2024 study reveals that 16% of Vietnamese consumers have incorporated sustainable futures into their long-term priorities, while 24% are focusing on sustainable lifestyles in their short-term plans. This shift in consumer behaviour reflects a growing awareness and preference for sustainability in daily life.

To support this transition, the Consumer Protection Law of 2023, effective from July 1, 2024, introduces the concept of sustainable consumption. The Law clearly defines the responsibilities and obligations of consumers, businesses and regulatory agencies in promoting sustainable production and consumption, as well as developing consumer protection activities in Vietnam in general.

In the context of global political uncertainties, Vietnam is positioning itself as a viable alternative manufacturing hub to China, thereby becoming an integral part of the global supply chain. To capitalize on this opportunity, Vietnamese enterprises must align with international sustainability standards and develop infrastructure conducive to a clean energy transition. Focusing on these ESG aspects is essential for businesses aiming to meet the expectations of investors and stakeholders, ensuring competitiveness in the global market.

<sup>11</sup> Ministry of Industry and Trade



## ESG Integration in our Investment Process

### Implementing our ESG Rating Framework

We started to pilot our ESG rating framework in 2021 and updated our ESG scorecard in 2023. We observe that major service provider like Bloomberg and Sustainalytics have covered ESG rating for a few Vietnamese public companies, and some of our portfolio companies have their ESG performance rated by a third party like FPT with EcoVadis. However, we find it necessary to develop our internal ESG rating system as it defines what ESG risks we find 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 based on 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 with reference to 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 utilizing 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.

<b>Governance</b> (60%)	BOD structure & functioning and company’s commitment to corporate governance Risk management and control system Shareholder rights Transparency and disclosure Board and top-level oversight of environmental and social issues
<b>Social</b> (20%)	Employee policies and working conditions Diversity, equity and inclusion Customer rights and data privacy Community outreach
<b>Environment</b> (20%)	Climate change commitment Environmental protection practices Alignment with the 17 Sustainable Development Goals (SDGs) of the United Nations

Based on the ESG rating framework, we classify companies into the following categories:

- **ESG Score ≥ 70:** Companies in this category demonstrate best practices in ESG performance. They commit to go beyond compliance and serve as ESG leaders within their industries and require minimal intervention from an investor engagement perspective.
- **ESG Score ≥ 50 but < 70:** Companies in this category have good ESG performance but require targeted engagement to enhance specific aspects of their sustainability strategies. While they may already adhere to fundamental ESG principles, there is room for improvement in areas such as transparency, risk management, or climate-related disclosures. Through active stewardship and collaboration, we work with these companies to close gaps and drive meaningful progress.
- **ESG Score < 50:** Companies in this category are classified as having poor ESG performance, indicating significant governance, environmental, or social risks. These companies require special attention in buy/hold decisions, as weak ESG practices can pose financial risks. Strong investor engagement is recommended to encourage necessary improvements, and in cases where ESG risks remain unaddressed, investment reconsideration may be warranted.

We conducted a comprehensive ESG assessment of all **22 portfolio companies** within our funds—**Vietnam Holding (VNH) and Dynam Vietnam Fund (DVF)**—using our proprietary ESG Rating Framework. As of December 31, 2024, the average ESG score across investee companies stood at **72.5%**, marking an improvement from 69.5% in 2023. This upward trend reflects the growing commitment of portfolio companies to sustainability best practices. When we first piloted our ESG framework in 2021, using only 26 indicators, the average rating was 61%, highlighting the significant strides made in ESG integration over the past few years.

One of the most notable areas of progress has been enhanced adoption of sustainability reporting, with more companies aligning with Global Reporting Initiative (GRI) standards and improving their climate-related disclosures. Companies having their sustainability reports following GRI standards account for 70% of our total portfolio weight. Additionally, companies listed on the Vietnam Sustainability Index (VNSI) now make up 45% of our total portfolio weight, reinforcing our focus on investing in businesses that are actively committed to sustainability.

These improvements underscore our continued engagement with investee companies, encouraging them to enhance governance structures, improve transparency, and integrate ESG principles into their long-term business strategies. As ESG adoption in Vietnam evolves, we remain committed to supporting and driving sustainable investment practices that generate long-term value.

Our top 10 ESG-rated companies with their stories through an ESG lens are as below:

<b>Company</b>	<b>ESG Key Highlights</b>
<b>PNJ</b>	ESG leader in the Vietnam Stock Market, strong ESG leadership by the Management team
<b>FPT</b>	Made significant strides in promoting green IT solutions and implementing energy-efficient practices across its technology infrastructure, got Silver Rating in Sustainability by EcoVadis
<b>ACB</b>	Enhanced its governance framework by adopting international best practices, ensuring transparency and accountability in its financial operations.
<b>NLG</b>	Focused on developing eco-friendly and affordable residential projects, emphasizing green spaces and energy-efficient designs.
<b>GMD</b>	Advanced the development of Green Ports, aligning with national standards for green ports set by the Vietnam Maritime Authority.
<b>MBB</b>	Implemented robust risk management systems, promoting financial stability and responsible lending practices.
<b>MWG</b>	Integrated ESG factors into its business model, enhancing internal controls and transparency.
<b>SSI</b>	Acknowledged for its efforts in promoting sustainable finance, integrating ESG considerations into its investment strategies.
<b>VPB</b>	Committed to responsible banking by financing projects that support environmental sustainability and social development.
<b>CTG</b>	Strengthened its corporate governance by implementing comprehensive ESG policies, ensuring ethical business practices and compliance.

**Sector focus – Sustainable Finance on the Rise within Vietnam’s banking industry**

Vietnam’s banking sector has been progressively integrating sustainable finance into its operations, with several banks developing their own Sustainable Finance Framework and disclosing the proportion of green loans within their credit portfolios. In our portfolio, CTG and ACB are the two banks taking the lead. CTG introduced its Sustainable Finance Framework in 2024, which was assessed by Morningstar Sustainalytics as “reliable, impactful, and in accordance with international guidelines.” By the end of 2023, green finance projects accounted for 3.2% of the bank’s total credit exposure, with nearly 1,000 customers having signed credit contracts across various sustainable development sectors. Additionally, between 2018 and 2022, VietinBank’s sustainable finance portfolio doubled, reflecting the bank’s strategic focus on responsible lending.

Similarly, ACB has been actively participating in sustainable finance initiatives, introducing its Sustainable Finance Framework in 2024, and launching a VND 2,000 billion (equivalent to 82 million USD) credit package from its own capital to support businesses in the Green/Social category. As of August 2024, the bank had successfully disbursed 86% of the allocated capital, demonstrating strong demand for sustainable credit solutions.

Overall, as of September 30, 2024, 50 credit institutions had green outstanding loans, totalling VND665 trillion, accounting for 4.5% of total outstanding loans.

**Our ESG Key Focus Areas****Corporate Governance**

Corporate Governance (CG) is an integral part of any successful business as it guarantees accountability, transparency, and ethical behaviours. As an investor, we value companies that can prove they have good corporate governance practices. The CG part in our ESG scorecard has been developed based on both national regulations and international guidelines, including the Law on Enterprises, the Law on Securities, Decree 155 on corporate governance of public companies, Circular 96 on disclosure of information of public companies, Vietnam’s CG Code of Best Practices for public companies, and the ASEAN CG Scorecard. It covers a wide range of governance issues, including board structure, the company’s stated commitment to corporate governance, risk management practices and control systems, transparency and disclosure, shareholder rights and board oversight of environmental and social issues.

Although Vietnam’s equity markets are still classified as Frontier Markets by MSCI and FTSE Russell, we think it is a matter of time before they are upgraded. In anticipation of this, many leading companies have employed the World Bank’s IFC ESG guidebook and other international guidelines to improve their corporate governance framework. We have observed significant improvements over the past year in board-level oversight of ESG issues among our portfolio companies. Nearly one-third of portfolio companies have established dedicated sub-committees to address key ESG matters. The majority have sent their directors on corporate governance training courses, and more than one-third of the companies in the portfolio have certified directors in their board. In addition, we are pleased to see enhanced investor relations activities and greater transparency across all our portfolio companies. This includes more monthly performance updates and quarterly reports, as well as more content available in English. As noted above, we also are seeing more sustainability reports from companies following GRI (Global Reporting Initiative) standards, and this includes improved investor relations support to address questions from investors.

## 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. Followed 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 are particularly encouraged that some decided to do so only after meeting with us.

## Climate-related Risk Management

As most Vietnam's companies are at the early stage of incorporating climate change into their business strategies, we continue to focus our engagement activities on raising portfolio companies' awareness and providing them with guidelines to measure their total carbon emissions and adopt or develop low-carbon technology. We identify physical risks, for example, acute weather events, as well as transition risks, which include policy, legal and market risks. We do this across sectors in accordance with our core investment themes: industrialisation, urbanisation, and the domestic consumer. In our analysis, we prioritise the best-in-class companies in terms of their adoption of technological solutions to lower carbon emissions and their disclosures on carbon footprint in their annual reports, favouring those that prove to be engaged in strong climate-resilient strategies. Based on the United Nations Environment Programme Finance Initiative ("UNEP FI") – which assesses the sector transition risk exposure in terms of direct and indirect emission costs, low-carbon capital expenditure and change in revenue – the largest portion of VNH's portfolio in 2023 (47.5% of the NAV) is allocated in the financial and information technology sector. These sectors are categorised as "low" transition risks, while another 40.3% of the portfolio is invested in sectors with "moderate" exposure ratings.

## Metrics and Targets

- Portfolio carbon footprint** is the key metric we use to measure and keep track of our progress towards reducing carbon emissions. Our target is to keep the portfolios' carbon footprint 20% below the benchmark index, the Vietnam All share Index ("VNAS"). We are proud to report that the portfolio carbon footprint of VNH and DVF as of 29 December 2023 is 41.3% and 44.9% below the VNAS benchmark respectively.
- Portfolio's implied temperature rise ("ITR"):** ITR is a metric developed to assess how well company and investment portfolio emissions align with global climate targets. The portfolio's ITR calculation is based on the two models developed by the Climate Action Tracker 4. The first model is the domestic modelled pathways, in which, with domestic efforts, Vietnam shall reduce its emission to 114 MtCO<sub>2</sub> e (excluding LULUCF 5) in 2050 to reach the 1.5°C target. The second model is the effort-sharing model, which sets the budget considering each country's economic capabilities, and what is considered as "fair". Based on existing calculation models, the ITR of both VNH and DVF are not aligned with the 2°C target. We are offsetting this by actively joining in policy dialogue, supporting climate initiatives, and enhancing our engagement with companies to help them with their own transitions.
- Portfolio's Weighted Average Carbon Intensity ("WACI"):** We use the WACI metric to assess the portfolio's exposure to carbon-intensive companies expressed in tCO<sub>2</sub> /\$M revenue, and this is calculated at 107.98 tCO<sub>2</sub> /\$M for VNH's 2023 portfolio based on Scope 1 and 2 emissions of all companies, which is lower than the 2022 WACI at 178.23 tCO<sub>2</sub> /\$M. The WACI of DVF's 2023 portfolio is higher than VNH at 157.06 tCO<sub>2</sub> /\$M.
- Low-carbon investment:** In the long-term, and with shareholder approval, we will set a firm target percentage for low-carbon investment in our portfolio.

As we navigate to a net-zero world, Dynam has identified focus points for climate change over the next two years:

- We will continue to measure and track the carbon footprint of investee companies to identify carbon-intensive sectors, integrate climate risks and opportunities into our broader risk management framework, and identify investment opportunities in low-carbon sectors.
- We will improve our climate-related disclosures following the guidelines of the Task Force on Climate-related Financial Disclosures, considering disclosures following the guidelines of the Task Force on Nature-related Financial Disclosures.
- We will encourage more investee companies to measure their total carbon emissions and to create a decarbonisation roadmap; and
- We will put in place Scope 1 and 2 decarbonisation targets for our own operational emissions.

Below is a summary of the carbon footprint calculation results of VNH and DVF portfolios based on public data of companies as of 29 December 2023, and their comparison against the attributable carbon footprint of an identical amount invested in companies in the Vietnam All Share Index (VNAS).

<b>Figure 1 – VNH Portfolio 2023 Carbon footprint</b>	<b>VNH Portfolio</b>	<b>VNAS Benchmark</b>	<b>Difference between VNH Portfolio vs. the benchmark</b>
Total Emissions Scope 1&2 (tCO2e)	14,522	24,732	-10,210
Total Emissions Scope 1, 2 & 3 (tCO2e)	38,843	51,588	-12,745
Carbon footprint (tCO2e/ USD Million Invested)	118.53	201.861	-41.3%

<b>Figure 2 – DVF Portfolio 2023 Carbon footprint</b>	<b>DVF Portfolio</b>	<b>VNAS Benchmark</b>	<b>Difference between DVF Portfolio vs. the benchmark</b>
Total Emissions Scope 1&2 (tCO2e)	4,285	7,772	-3,487
Total Emissions Scope 1, 2 & 3 (tCO2e)	11,303	16,211	-4,908
Carbon footprint (tCO2e/ USD Million Invested)	111.91	203.00	-44.9%

**Diversity, Equity, and Inclusion**

Diversity, Equity, and Inclusion (DEI) in workplace is based on the principle that recruiting and supporting workers of various backgrounds is integral to a company’s success, encompassing policies and initiatives designed to help all employees feel welcomed 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 policy, succession planning process and data around gender balance, very few companies are devoted to creating LGBTQ+ inclusive workplaces and supportive policies for employees with disabilities.

### **Company highlight – Phu Nhuan Jewellery (PNJ)**

Phu Nhuan Jewellery (PNJ) demonstrates a strong commitment to Diversity, Equity, and Inclusion (DEI) across its operations and retail stores. The company fosters a diverse workforce by implementing inclusive hiring practices, ensuring equal opportunities for all employees regardless of gender, age, or background. In 2023, PNJ achieved a 100% rate of female employees returning to work after maternity leave, reflecting its supportive policies for women. Additionally, over 50% of management positions are held by women, showcasing PNJ's dedication to gender diversity in leadership roles. The company also emphasizes the inclusion of people with disabilities, providing them with suitable job opportunities and a supportive work environment. In its retail environment, PNJ cultivates an inclusive atmosphere that respects and values diverse customer needs, enhancing the shopping experience for a wide range of customers. Through these initiatives, PNJ not only enhances employee satisfaction and retention but also enriches customer experiences by reflecting the diverse community it serves.

## **Our important stewardship role**

### **Our Voting Records**

Throughout 2024, 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 based on its merits related 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 2024 AGMs were published to our website.

### **Our Engagement**

We assign a high priority to the engagement mandate entrusted to us by our stakeholders and are devoted to working with 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 emphasising the necessity to systematically implement ESG objectives and build a culture that supports them. 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.

### **Engagement case studies**

#### ***Company A – Enhancing ESG performance through capacity building***

Company A, a leading maritime port and logistics operator, has made significant progress in integrating ESG principles into its business strategy. Through ongoing engagement and collaboration, our investment team has built a strong relationship with the company's Investor Relations and management teams, fostering a shared commitment to sustainable growth.

The company defines its mission as "promoting economic flows and creating added value for the country, customers, and partners through a comprehensive logistics ecosystem, with ESG as the core foundation for long-term development." This vision reflects the management's dedication to embedding sustainability into business operations while aligning with national and global ESG standards.

In 2024, our engagement efforts focused on building internal ESG capacity, particularly in human resources and regulatory readiness. Recognizing that climate change is a material issue, we facilitated direct access to government-led workshops on GHG emissions inventory, carbon markets, and carbon credit trading—critical regulatory developments that will shape the company’s future business landscape.

As a result, Company A became one of the first Vietnamese public companies to implement a greenhouse gas emissions inventory and reporting program aligned with ISO 14064-1 international standards. Additionally, the company has accelerated its clean energy transition, with 43% of total energy consumption in production activities now derived from solar power. This milestone underscores its commitment to renewable energy adoption and carbon footprint reduction.

Through strategic engagement and capacity-building initiatives, Company A is making substantial strides in ESG integration, positioning itself as a leader in sustainable maritime and logistics operations in Vietnam.

#### ***Company B – Strengthening Supply Chain Management & Crisis Response***

Company B, a leading Vietnamese retailer specializing in consumer electronics, home appliances, and groceries, has demonstrated strong ESG performance, achieving an ESG rating of over 80% based on our internal assessment framework. However, 2024 presented a major challenge when one of its grocery suppliers was implicated in a police investigation for distributing a product containing a forbidden chemical component. This incident triggered a media crisis, raising concerns about the company’s supply chain oversight and food safety standards.

During this critical period, we maintained close communication with Company B’s leadership, offering strategic guidance on both immediate crisis management and long-term supply chain improvements. Our recommendations included:

- **Transparent and proactive stakeholder communication:** We advised the company to engage in clear and timely communication with customers, the media, investors, and regulatory authorities, outlining the incident details, the company’s responsibility, and corrective actions.
- **Strengthening supply chain policies:** We recommended a comprehensive review of supply chain policies, supplier due diligence, and risk assessment processes to mitigate future risks.
- **Enhancing supplier monitoring and compliance:** To prevent similar incidents, we encouraged the company to tighten supplier screening, implement more rigorous audits, and enforce stricter compliance standards.

## Membership and Partnership to promote ESG practices

### The UN's Principles for Responsible Investment

As mentioned above, Dynam's responsible investment policy is aligned with UN's PRI. Each year, the company reports on its responsible investment activities through the PRI Transparency Report. In its 2024 report, the Company received five-star scores for two sections and four-star score for the rest. 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 CEO 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 formed in 2018 with technical support from the IFC, which is a member of the World Bank Group, and SECO, the Switzerland's State Secretariat for Economic Affairs. Governed by a board of directors comprised of various private sector representatives, VIOD has close collaboration 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

Dynam is a 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 2024 we worked to promote greater ESG awareness in Vietnam. We supported the Vietnam ESG Conference 2024 as a title sponsor. 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

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