

Environmental, Social and Governance Policy
(Responsible Investment Policy)

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Reviewed by: Beat Schuerch, COO

Signed by: Le Anh Minh, CEO

Signatures:



Version control

Environmental, Social and Governance (ESG) Policy		
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Prepared by:	ESG Core Team	
Approved by:	DCG Risk Management Committee	
Version	Date of issuance/ Amendments	Remarks
1.0	– 2002	Official release
2.0	– 2004	Updated
3.0	– 2008	Updated
3.1	– 2012	Updated
3.2	– March 2013	Updated
4.0	– September 2015	Updated
5.0	– March 2016	Updated

A. Dragon Capital Group Principles

Dragon Capital Group's (DCG) corporate mission is:

“To be a top class intermediary of capital by providing attractive returns to investors, value to investee companies and a desirable workplace for employees. To perform with absolute professionalism and integrity, driven by a long-term commitment to the sustainable development of the environment, society and economy of Vietnam.”

This mission statement clearly reflects our corporate stand and our commitment to sustainable development. We recognise that environmental, social and governance (ESG) issues can influence investment risk and thus portfolio performance. DCG therefore, seeks to optimise risk-adjusted performance by integrating ESG considerations into our investment process.

We believe that taking a strategic, long-term approach to responsible investment will create sustainable value for our company, our stakeholders and the wider community, not just in an economic sense but also in the ESG context.

B. ESG Policy

In line with this commitment and principles, DCG continually endeavours to ensure effective social, environmental and governance management practices in all its activities, products and services with a special focus on the following:

1. We do not invest or finance companies involved in the following DCG's Exclusion list activities:
 - 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 munitions¹
 - Production or trade in alcoholic beverages (excluding beer and wine)¹
 - Production or trade in tobacco¹
 - Gambling, casinos and equivalent enterprises ¹

¹ 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 20% of total revenue).

- 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.

In addition, DCG will not invest in a company where there is a high probability of exposure to the following activities and issues:

<ul style="list-style-type: none"> – Activities involving harmful or exploitative forms of forced/harmful child labour. – Activity involving sizable retrenchment (more than 10% of staff) unless demonstrated to be in compliance with relevant national laws and regulations and objectives of IFC Performance Standard 2: on Labour and Working Conditions
<ul style="list-style-type: none"> – Activity involving significant water consumption with potential for significant adverse impact on others. – Recent (past two years) accidental significant pollution release – unless they were resolved or are being resolved through implementation of a corrective action plan. – Activities involving production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (as defined by a relevant organization such as the US Occupational Safety and Health Administration).
<ul style="list-style-type: none"> – Dams located in high risk locations that have not been independently certified
<ul style="list-style-type: none"> – Activities involving large scale physical resettlement (unless compliance with the requirements of IFC Performance Standard 5 on Land Acquisition and Involuntary Resettlement have been demonstrated.) – Government against paying replacement cost or compensating illegal occupants.
<ul style="list-style-type: none"> – Commercial logging operations in primary moist forest. – Activities involving significant conversion or degradation of natural and/or critical habitats and/ or any activities in legally protected or internationally recognized areas (using information in iBAT); – Activities involving production, harvesting, or trade in wood or other forestry products from plantation and natural forests (unless sustainability of production is

<p>demonstrated in line with IFC Performance Standard 6 on Biodiversity and Sustainable management of Living Natural Resources);</p> <ul style="list-style-type: none"> – Activities involving harvesting of wild fish populations or other aquatic species; (unless sustainability of harvesting is demonstrated in line with IFC Performance Standard 6 on Biodiversity and Sustainable management of Living Natural Resources) – Cumulative impacts in a country or region that is having multiple large developments, possibly in the same sector (eg multiple mining projects in a country; several dams in a watershed; several cement factories in an air shed)
<ul style="list-style-type: none"> – Activities, including relocation, that have adverse impacts on the lands, natural resources, or critical cultural heritage subject to traditional ownership or under customary use by Indigenous Peoples
<ul style="list-style-type: none"> – Projects in UNESCO World Heritage Sites or National Parks – Projects that would impact the cultural values for which the critical cultural heritage was designated – Where non-replicable heritage may be present

2. We ensure that all investment activities undertaken by the company are consistent with the applicable national laws on environment, health, safety, social and governance issues.
3. We are committed to full and consistent compliance with DCG’s ESG Management System Procedure to ensure that the environment, social and governance risks are assessed and evaluated throughout investment life cycles.
4. We commit to continually building capacity of DCG staff to identify ESG risks, including DCG’s senior management, ESG Core Team, portfolio managers and analysts.

This Policy will be communicated to all DCG staff, consultants and stakeholders of DCG. The Policy will be reviewed at least annually by Senior Management and updated as needed to ensure that it supports DCG to continually improve its performance in meeting its ESG commitment and goal.