



**WARDHAVEN**  
CAPITAL LIMITED

# **Environmental, Social and Governance (ESG) Policy**

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## Table of Contents

<b>1. WARDHAVEN CAPITAL'S PHILOSOPHY.....</b>	<b>2</b>
<b>2. WARDHAVEN CAPITAL'S CAPACITIES.....</b>	<b>2</b>
2.1. FUND MANAGEMENT'S ROLE IN ESG OVERSIGHT.....	2
2.2. INTERNAL CAPACITY BUILDING.....	3
<b>3. RESPONSIBLE INVESTMENT PRACTICES.....</b>	<b>3</b>
3.1. INVESTMENT STANCE.....	3
3.2. ENVIRONMENTAL POLICY.....	3
3.3. SOCIAL POLICY.....	4
3.4. GOVERNANCE POLICY.....	4
3.5. STEWARDSHIP.....	5
3.6. ESG INTEGRATION.....	5

## 1. Wardhaven Capital's Philosophy

Wardhaven Capital is a Hong Kong SFC regulated asset management company. As an active manager, we employ a disciplined, research-driven, bottom-up investment process, incorporating material ESG metrics, which leads to long-term conviction investment.

Wardhaven recognises that there have been fundamental changes in the expectations of fiduciaries and incorporating ESG factors into investment decision making is increasingly integral to investors' fiduciary duty. We believe that companies create value through careful management of material ESG risks and opportunities. Additionally, the integration of such issues into a company's business planning can contribute to sustainable competitive advantages, and mitigation of business risks.

By investing for the long term and engaging actively with management, Wardhaven encourages high standards of ESG performance in our investee companies and endeavours to influence the companies to make positive changes that help deliver sustainable returns.

Wardhaven manages the Wardhaven Vietnam Fund ('the Fund'), a single-country fund investing in Vietnamese listed equities. Typically, we make investment decisions based on our own deep due diligence and rigorous research process. Where relevant and where sufficient data is available, we integrate key ESG factors into company financial analysis, which enhances our ability to deliver sustainable investment returns and manage portfolio risk.

Wardhaven is a signatory to the UN Principles of Responsible Investment, has adopted the UN's Women's Empowerment Principles, is a member of the GIIN (Global Impact Investing Network) and the AVPN (Asian Venture Philanthropy Network).

## 2. Wardhaven Capital's Capacities

### 2.1. Fund Management's Role in ESG Oversight

The Investment Managers are ultimately responsible for the Wardhaven's application of its ESG policy. The Fund Managers and the research team will ensure that:

- Relevant external and internal capability exists;
- The ESG policy and guidance materials are relevant and up-to-date;
- Financially material ESG considerations are incorporated into company analysis and the security selection process where relevant data exists;
- Procedures exist to ensure regular assessment of portfolio companies' material ESG risks, strategies to mitigate risks and tracking of progress utilising relevant quantitative and qualitative metrics;
- Engage investee companies in identifying and managing key relevant ESG metrics;
- Track our engagement and our portfolio companies' ESG performance, which is reviewed on annual basis.

## 2.2. Internal Capacity Building

All members of the Wardhaven investment team are participants in the PRI Academy, completing the Academy's Responsible Investment course series, and also encouraged to participate in other ESG-related training courses annually which keep employees up to date with the latest ESG regulatory requirements and best practices.

# 3. Responsible Investment Practices

## 3.1. Investment Stance

Wardhaven manages a concentrated Vietnamese listed equities fund, largely comprising small and medium-sized companies.

Understanding that managing material ESG-related risks and opportunities is central to building financially successful and resilient companies, Wardhaven attempts to integrate key ESG factors into company financial analysis, thus enhances our ability to deliver sustainable investment returns and manage ESG risks. Based on the influence of ESG matters, we assess ESG risks and opportunities at different levels, including global, regional, industry, and company-specific levels.

Climate change, environmental pressures, and the future of work – a greater focus on gender equality and diversity in the workplace are the ESG megatrends having an important influence on our investment process. In addition to our recognition that a wide range of ESG factors can have a material impact on corporate value creation, we strongly believe the businesses with sound ESG practices perform better and are more sustainable.

## 3.2. Environmental Policy

Wardhaven recognises that climate change is a systemic issue affecting all sectors and geographies. Vietnam's 3,260km of coastline and low-lying deltas make the country one of the most vulnerable nations to the impacts of climate change. The country and its people are particularly susceptible to rising sea levels, salination and extreme weather events. The pressures on biodiversity and ecosystems caused by pollution and resource extraction pose serious societal and business risks.

To mitigate the impact of climate change, an increasing number of global companies have started to proactively implement a strategy of decarbonising their operations and supply chains. We, where relevant, engage our portfolio companies to better understand their awareness of environmental risks and opportunities, particularly those associated with climate change, and how they plan to manage material risks in their long-term strategic planning. As Vietnam has become an increasingly important contributor to global supply chains, we believe that domestic manufacturers that are able to demonstrate leadership in contributing towards MNC sustainability and carbon reduction targets will gain long-term competitive advantages.

Wardhaven, in its investment process, endeavours to assess and quantify how these environmental risks are likely to impact portfolio companies, including the costs of risk management, regulatory compliance and competitive outlook.

We also encourage companies to improve their reporting of material ESG metrics and promote recognition of the need for better resource efficiency to enhance business sustainability.

### 3.3. Social Policy

Wardhaven recognises the importance of respecting and protecting human and labour rights. We are committed to responsible corporate practices in the areas of freely-chosen and fair working terms and conditions, safe and healthy workplaces, gender equality and diversity, and our company's responsibility to external stakeholders along the value chain and in the communities in which operate. We expect that investee companies should share these beliefs.

Gender diversity in the workplace improves the lives of women in a sustainable manner, and it also has a positive impact on a company's productivity and sustainable business development. Wardhaven believes that investing in businesses that have a higher representation of women in board and key executive management positions is an opportunity to unlock economic power, achieve long-term value creation and better financial performance, while assisting in meeting the challenge of gender equality.

With an investment strategy of a 'gendered impact' focus, we take into consideration gender-based factors on Board of Directors (BoD) and Key Leadership Positions (KLPs) across our investment universe as pre-investment activities, and raise the issue of gender inequality in our interactions with investee companies at AGMs, company meetings, or other forums.

### 3.4. Governance Policy

At Wardhaven, we believe that board oversight and CEO accountability are critical elements of corporate governance, which is central to long-term shareholder value creation, and the protection of minority shareholders' interests. Companies those demonstrate well-managed governance through proactive monitoring of both financial-related and ESG-related risks and opportunities will deliver sustainable business performance.

We will vote to oppose any portfolio companies' actions that are detrimental to minority interests. Material corporate changes that significantly dilute equity and transactions with related parties should not be made without the approval of shareholders. The BoD should be accountable to shareholders and focus on the long-term sustainable generation of value.

## 3.5. Stewardship

### 3.5.1. Proxy Voting

Wardhaven recognises its fiduciary duty to act in the best interests of clients and this includes discharging its obligations as a responsible shareholder of portfolio companies. As such, voting rights are exercised with the main objective being to promote the best interests of the portfolio's beneficiaries by protecting and increasing the value of managed assets. We believe that proxy voting rights are an important right of investors and are intrinsically linked to Wardhaven's perspective on responsible investment practices.

Voting decisions are made on a case-by-case basis. The Investment Committee ('IC') assesses every resolution and takes into consideration the likely effect on the performance of investee companies and the whole portfolio, and determines voting strategy. We will document and keep records of proxy voting decisions and any documents that we considered material to make the voting decisions.

### 3.5.2. Engagement

Wardhaven focuses our company engagements around strategic themes, including corporate governance, gender equality and diversity in workplace, clean energy and climate action. Being an active investor, we engage existing and potential investee companies on ESG issues where appropriate, exercising both ownership rights and a voice to effect change. We attend the AGMs of our portfolio companies and vote on resolutions depending on their relative merit, aligning with our objectives as a long-term, responsible investor.

We engage portfolio companies across a range of forums to improve the substance and the transparency of their ESG strategies and policies; request that they identify, monitor and report on relevant ESG metrics, targeting a clear trajectory of improvement.

Engagement is not limited to existing and potential investee companies. Where appropriate, we will endeavour to communicate with counterparties and peers in the industry.

## 3.6. ESG Integration

Wardhaven seeks to integrate ESG considerations into our research and understands that it effectively strengthens our investment decision making.

We approach ESG integration through qualitative and quantitative analysis of a company's strengths and weaknesses to various scenarios within the limitations of relevant information. Our approach is to examine factors which we believe have greater potential to impact companies' value drivers and specifically our assumptions around revenues and costs.

As far as is possible, we incorporate material ESG risks and opportunities into our financial models and consequential valuations, recognising that there is currently a sparsity of ESG data reported by Vietnamese companies which acts as a limiting factor.