

VIETNAM HOLDING ASSET MANAGEMENT

GLOBAL COMPACT COMMUNICATION ON PROGRESS 2011



GLOBAL COMPACT

COMMUNICATION ON PROGRESS

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Membership date: 12 December 2007
Number of Employee: 15



VIETNAM HOLDING
Asset Management Ltd



Brief description of nature of business

VIETNAM HOLDING ASSET MANAGEMENT LTD. (VNHAM) is an investment management company incorporated in the British Virgin Islands, with representative offices in Hanoi and Ho Chi Minh City and a subsidiary office in Zurich, Switzerland.

VNHAM now focuses exclusively on managing the assets of VIETNAM HOLDING LTD. (VNH), an investment company listed on the London Stock Exchange's AIM and Frankfurt XETRA Entry Standard markets.

VNHAM is committed to Vietnam's continued economic and social development. It places strong emphasis on good corporate governance, a high standard of business ethics, and the development of a team of highly competent investment professionals.



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Message from the Chairman

As a founding member of the Global Compact Network in Vietnam, VNHAM fully supports the 10 principles of the Global Compact in the fields of human rights, labor, the environment and anti-corruption. The company has committed to make the Global Compact and its principles fundamental parts of our strategy and day-to-day operations. With this report, we are pleased to announce our progress toward these important goals.

In the VNH Annual General Meeting held in November, 2009, VNH shareholders voted overwhelmingly in support of fully integrating environmental, social and corporate governance (ESG) factors to the investment process. This strategy has been fully adopted by VNHAM, its sole fund manager. Vietnam Holding thereby became the first fully compliant signatory of the United Nations Principles for Responsible Investment in its marketplace.

ESG factors are now an integral part of our investment analysis and portfolio management processes. The Fund does not invest in companies that do not pass the test of rigorous financial and ESG analysis. We believe this approach will reduce portfolio volatility and lead to investments that are better positioned than their competitors and more profitable over the long run. In addition to prudent value investment analysis, a sustainability screen is applied to companies involved in controversial business practices and products including nuclear, defense, tobacco, gambling and distilled alcohol.

VNH continues to conduct the series of VNH Forums in an active effort to improve the corporate governance of its portfolio companies and the country's business community. The Forums are customized to address senior executives of VNH investee companies. Additionally, our partnerships with the State Capital Investment Corporation (SCIC), the Association for Sustainable & Responsible Investment in Asia (ASrIA) and the Vietnam Chamber of Commerce and Industry (VCCI) have substantially increased the number of attendees. The 2011 VNH Forum focused on strategic management and the integration of ESG factors into decision making processes to maximize long-term company performance.

In these ways and through its own business conduct, VietNam Holding Asset Management Ltd. fully continues to evidence its commitment to help Vietnam and its industries build both sensitivity to and the deliverance of the kind of sustainability that ensures the future of the country, its people, and the planet.



Donald Van Stone

Chairman VietNam Holding Asset Management Ltd.



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CORPORATE GOVERNANCE

We believe that the transparency of business practices among market participants is a key factor in the development of healthy and sustainable capital markets in Vietnam. In support of this conviction, we are committed to actively contributing to the elevation of the country's corporate governance standards and practices.

All VNH and VNHAM personnel sign a Code of Ethics contract annually. A qualified compliance officer on VNHAM's staff ensures the company's compliance with local laws and regulations, as well as staff compliance with internal policies.

INVESTMENT STRATEGY

Our objective is to achieve long-term capital appreciation by investing in a diversified portfolio of companies with a significant presence in Vietnam. The main focus is on those SOEs that the Vietnamese government has identified for partial divestment and listing on the domestic securities trading centres. Target companies must combine measurable value with high growth potential.

VNHAM will actively incorporate ESG considerations into its ownership policies and practices. It will seek an active dialogue with the management of the investee companies and will seek appropriate disclosure of ESG issues.

Through VietNam Holding Forum events, VNHAM will promote acceptance and implementation of the ESG principles within the investment industry. VNHAM is strongly committed to the economic development of Vietnam. We also strive to improve the social welfare of Vietnam's youth through the work of our affiliated VNH Foundation.

We aim to have a corporate governance structure that protects the investments of its shareholders, the dedication of its employees, and the interests of other stakeholders. We also strives to operate in a fair and transparent manner, while ensuring a robust and effective system of internal controls and the management of operational and investment risks.



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SUSTAINABLE INVESTMENT

ENVIRONMENT

Principle 7:
“Businesses should support a precautionary approach to environmental challenges”

Since its launch, Vietnam Holding Ltd. (VNH) through VNHAM has pursued a long-term value approach to investing. At the Annual General Meeting held in November 2009, shareholders voted in support of a fund strategy base on environmental, social and corporate governance (ESG) factors. Key ESG issues are now fully incorporated into our investment analysis and portfolio management procedures.

This sustainable investment approach marks an important chapter for VNH and VNHAM and is also timely in the context of Vietnam's own economic and social development. Awareness of ESG issues has come to the forefront in Vietnam and the region.

As part of investment policy, VNH and VNHAM introduced a series of measures translating the ESG policy approach into tangible actions. We do not invest in a business that is not committed to reducing any pollution or environmental problem in a measureable way. We also do not invest in companies known to be subject to serious violations of Vietnamese laws on labour and employment, including child labour regulations.

We work proactively with Investee Company management to develop solutions to ESG issues that are most relevant to the company, its industry, and its immediate market. We actively participate and vote at Investee Company AGM. VNHAM has put forward AGM resolutions and cooperated with like-minded investors. Our investment team has openly voiced concern over management policy, including employment policy and offered constructive suggestions on several occasions.

We are not content with simply reflecting sustainability in our portfolio; we will actively help to grow and promote it throughout the Vietnam marketplace. Our experience to date in Vietnam has convinced us that companies that demonstrate sensitivity to environmental, social and corporate governance issues are well-managed and successful companies. We have conducted and sponsored for six of VNH Forums since August 2007 drawing the joint sponsorship of SCIC, VCCI, ASrIA, Bloomberg and the participation of several foreign and local companies in Viet Nam. Building Value with Corporate Governance, Board Management Practices, Long-term Value of Investor Relations, and Information Transparency have figured on past forums' agendas. It provides an opportunity for companies to gain new perspectives and exchange ideas, and to identify an improvement of strategies for sustainable business success.

LABOUR

“...we fully support four principles in the field of labour”

ANTI-CORRUPTION

Principle 10:
“Businesses should work against corruption in all forms, including extortion and bribery”



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ENVIROMENT

*Principle 8:
“Undertake
initiatives to
promote greater
environmental
responsibility”*

HELPING OTHERS

*“While strongly
committed to the
economic
development of
Vietnam, we also
strives to improve
the social welfare.”*

VNH FOUNDATION

The VNH Foundation is a charitable organization based in Zurich, which supports disadvantaged children and young adults in Vietnam and its neighbouring countries. Formed in reflection of our dedication to social responsibility, the Foundation is the creation of VietNam Holding Asset Management Ltd.

The VNH FOUNDATION identifies worthy projects, and structures its donations so that 100% of the funds allocated by the VNH FOUNDATION and its partner organizations will benefit the targeted recipients. It will proactively follow the progress of each project, and report periodically to the Foundation's board.

The VNH FOUNDATION currently supports a number of projects in VietNam and in Thailand. These include a closed cooperation with the Bruderholz Hospital in Basel, Switzerland. This partnership's aim is to provide medical training to the staff of the Da Nang Orthopedics Center in Vietnam. To achieve this, the foundation sponsors biannual visits to the Da Nang Center by Swiss doctors and nurses specialized in orthopedic surgery.



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As a member of UN Global Compact (UNCG), we are pleased to produce a Communication On Progress (COP) on how we are support the ten principles of the Global Compact.

Our COP is available on <http://vnham.com> and <http://www.globalcompactvietnam.org/>



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