

VIETNAM HOLDING ASSET MANAGEMENT

GLOBAL COMPACT COMMUNICATION ON PROGRESS 2012



VIETNAM HOLDING
Asset Management Ltd



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Membership date: 12 December 2007
Number of Employee: 15



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Brief description of nature of business

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

VNHAM 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 ten principles of the Global Compact in the fields of human rights, labour, the environment and anti-corruption. The company has committed to make the Global Compact and its principles fundamental parts of its own strategy and day-to-day operations. With this report, we are pleased to announce our continuing progress toward these important goals.

At 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. Vietnam Holding thereby became the first fully compliant signatory of the United Nations Principles for Responsible Investment in its marketplace.

This strategy has been fully adopted by VNHAM, its sole fund manager. ESG factors are 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. This approach has contributed to reducing 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. The 2012 VNH Forum focused on corporations' responsibility to comprehensive reporting on environmental practices.

One of our investee companies who established an Investors Relations Department after attending one of our earlier Forum events, has in 2012 been awarded the first prize for the most comprehensive high-quality annual report for the second consecutive year.

In these ways and through its own business conduct, VietNam Holding Asset Management Ltd. further illustrates its commitment to help Vietnam and its industries build up and deliver the kind of sustainability that ensures the future of the country, its people, and the planet.

Jean-Christophe Ganz, 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. VNHAM's compliance officer specifically ensures that our company and its staff comply with local laws and regulations, as well as with internal policies in the fields of environment, social responsibility and corporate governance.

INVESTMENT STRATEGY

Our objective is to achieve long-term capital appreciation by investing in a diversified portfolio of public companies in Vietnam, and in the securities of foreign companies if a majority of their assets and/or operations are based in Vietnam. Target companies must combine measurable value with high growth potential.

We do not intend to take control of any company or entity in which VNH has directly or indirectly invested (an "Investee Company") or to take an active management role in any such company. However, we may appoint one of our directors, employees or other appointees to join the board of the Investee Company and/or may provide certain forms of assistance to such company, subject to prior approval by the VNH Board. VNHAM actively incorporates 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 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 based on environmental, social and corporate governance (ESG) factors. Our goal is to achieve high risk-adjusted returns by combining rigorous financial analysis with interactive sustainability research.

This sustainable investment approach has proven to be 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.

VNH and VNHAM continued to apply the measures translating the ESG policy approach into tangible actions which form part of their investment policy. 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. As an example, in 2012, we fully divested from one of our Investee Companies when we learned that one of its affiliates was producing alcoholic distillates for human consumption.

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 seek to 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 seven of VNH Forums since August 2007.

With more than 15 visits organized in 2012, VNH's and VNHAM's members of the respective boards of directors continued to be actively engaged in meeting with the top management of the major portfolio companies to review their financial and ESG performance. This provides an opportunity for companies to gain new perspectives, to hear the view of seasoned global executives and to 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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ENVIRONMENT

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

HELPING OTHERS

“While strongly committed to the economic development of Vietnam, we also strive 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.

Starting in 2007, the Foundation has sponsored corrective orthopaedic surgery for 173 children affected by Agent Orange in the Quang Tri Province.

The Foundation has then donated to the Da Nang Orthopedics Hospital state-of-the-art medical equipment, including an arthroscopy tower, sterilization machines and an operating table. The hospital was thus able to increase its capacity from 780 operations per year to over 4,000 operations annually. In cooperation with the Bruderholz Hospital in Basel, Switzerland, the partnership provides medical training to the staff of the Da Nang Orthopedics Center in Vietnam. To achieve this, the foundation sponsors annual visits to the Da Nang Center by Swiss doctors and nurses specialized in orthopedic surgery.

VNH FOUNDATION has provided scholarships in the poor Ninh Tuan Province to allow well over 1,000 children to attend primary school.

The VNH FOUNDATION has also built a home for street children in the South of Thailand and supports the ongoing operation of the home by the Thai Baan Nok Kamin Foundation.



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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 **www.vnham.com** and **www.unglobalcompact.org**



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