

VIETNAM HOLDING ASSET MANAGEMENT

GLOBAL COMPACT COMMUNICATION ON PROGRESS 2008 – 2010



VIETNAM HOLDING
Asset Management Ltd



GLOBAL COMPACT

COMMUNICATION ON PROGRESS

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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 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, Vietnam Holding Asset Management, Ltd. (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 Vietnam Holding (VNH) Annual General Meeting held in November, 2009, VNH shareholders voted overwhelmingly in support of a fund strategy based on SRI (Sustainable and Responsible Investing) principles. This strategy has been fully adopted by VNHAM, its sole fund manager. Vietnam Holding thereby became the first SRI fund in its marketplace. As a consequence, environmental, social and corporate governance (ESG) factors are now fully incorporated into our investment analysis and portfolio management procedures. One of the reasons behind the move to ESG focus was the awareness by both VNH and VNHAM that the best of the fund's investments were characterized by careful attention to sustainable and responsible management and operation.

The Vietnam Holding organization has initiated and conducted a series of VNH Forums, where ESG issues are actively discussed among government agencies, other institutions, our investee companies, and our staff and directors. The forums have been conducted since Aug 2007 to promote a greater understanding of sustainable and responsible investing in Vietnam.

VNH has become a signatory to the UN PRI, United Nations Principles for Responsible Investment and VNHAM has become a charter member of the Vietnam Chamber of Commerce and Industry's Business Sustainability Council.

In these ways and through its own business conduct, VietNam Holding Asset Management Ltd. continues to evidence its full 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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SRI APPROACH

ENVIROMENT

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 SRI (Sustainable and Responsible Investing). As a consequence, environmental, social and corporate governance (ESG) factors are now fully incorporated into our investment analysis and portfolio management procedures.

This SRI 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 have come to the forefront in Vietnam during 2009.

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.

LABOUR

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

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. VNH through 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.

ANTI-CORRUPTION

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

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 withdrawing 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 are the forum's agenda vibrantly discussed. It provides an opportunity for companies to gain new perspectives and exchange ideas, and to identify an improvement of strategies for sustainable business success.



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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.”

CARBON FOOTPRINT

VNH and VNHAM are very aware of its corporate environmental footprint. With offices in Switzerland and Vietnam and an international Board of Directors, the emission of greenhouse gases tied to our activity is significant. In demonstration of this awareness, we have calculated the carbon footprint of our economic activity for fiscal year 2009-10. In doing so, we considered the international and domestic air travel of our directors and staff as well as the energy consumption of our physical offices. We have estimated that the carbon footprint of our travel activity amounts to 88.93 tons of CO₂, while the energy consumed in our offices amounts to 18.26 tons. Together, the total 107.19 tons of CO₂ that VNH emitted in the fiscal year will be offset by the purchase of an equivalent amount of carbon certificates. Additionally, the fund strives to find appropriate local projects by which to further offset carbon. We continue in this effort and will regularly report on progress.

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.

A second focus of the foundation is the nearly complete Ku Wah Hope Center in Thailand, which is dedicated to orphans and children who have fallen victim to the AIDS virus. The foundation has established the infrastructure and permits for the facility, and is now defining the processes under which the center will be operated. The Ku Wah Hope Center will be administered by the Swiss/Thai humanitarian organization, Baan Nok Kamin.



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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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