

REPORT SUMMARY

NEW PROGRESS TOWARDS SUSTAINABILITY

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)
COMMITMENTS IN THE BANKING SECTOR

Case studies of thirteen (13) Vietnamese commercial banks in 2024





The 2024 analysis of ESG policies across 13 Vietnamese commercial banks highlights notable progress in their commitments to Environmental, Social, and Governance (ESG) principles.

While the depth and scope of ESG policy commitments still vary significantly among banks, most have made clear strides in strengthening their ESG frameworks. Disclosure practices have become more transparent, systematic, and consistent, reflecting a growing institutional interest in ESG frameworks.



INTRODUCTION

Between 2023 and 2024, Environmental, Social, and Governance (ESG) and Sustainable Development became widely recognised terms among policymakers, regulators, researchers, and even financial institutions and large businesses. Responsible business practices and assurance of transparency and accountability of sustainable development information are increasingly being shaped by their legalisation in some countries and regions.

From 2020 to 2022 in Vietnam, to translate its commitments to Sustainable Development Goals (SDGs) into action, the Vietnamese government approved and implemented national green growth and sustainable development policies and strategies. Building on this foundation, additional policies and regulations focused on SDGs and responsible business practices were

issued in 2023 and 2024. Driven by the strong strategic and policy commitments of the government, Environmental, Social, and Governance (ESG) criteria and sustainability reporting have emerged as key topics of widespread discussion in Vietnam. ESG awareness within the Vietnamese business community has evolved significantly.

With an aim to provide further insightful reference on ESG within the domestic finance-banking sector as per international best practices and standards, since 2020, Fair Finance Vietnam (FFV) has applied Fair Finance Guide (FFG) developed by Profundo and Fair Finance International to analyse the alignment of policies widely disclosed by Vietnamese commercial banks with ESG criteria according to international standards and norms. This is the third report following two reports conducted in 2020 and 2022.

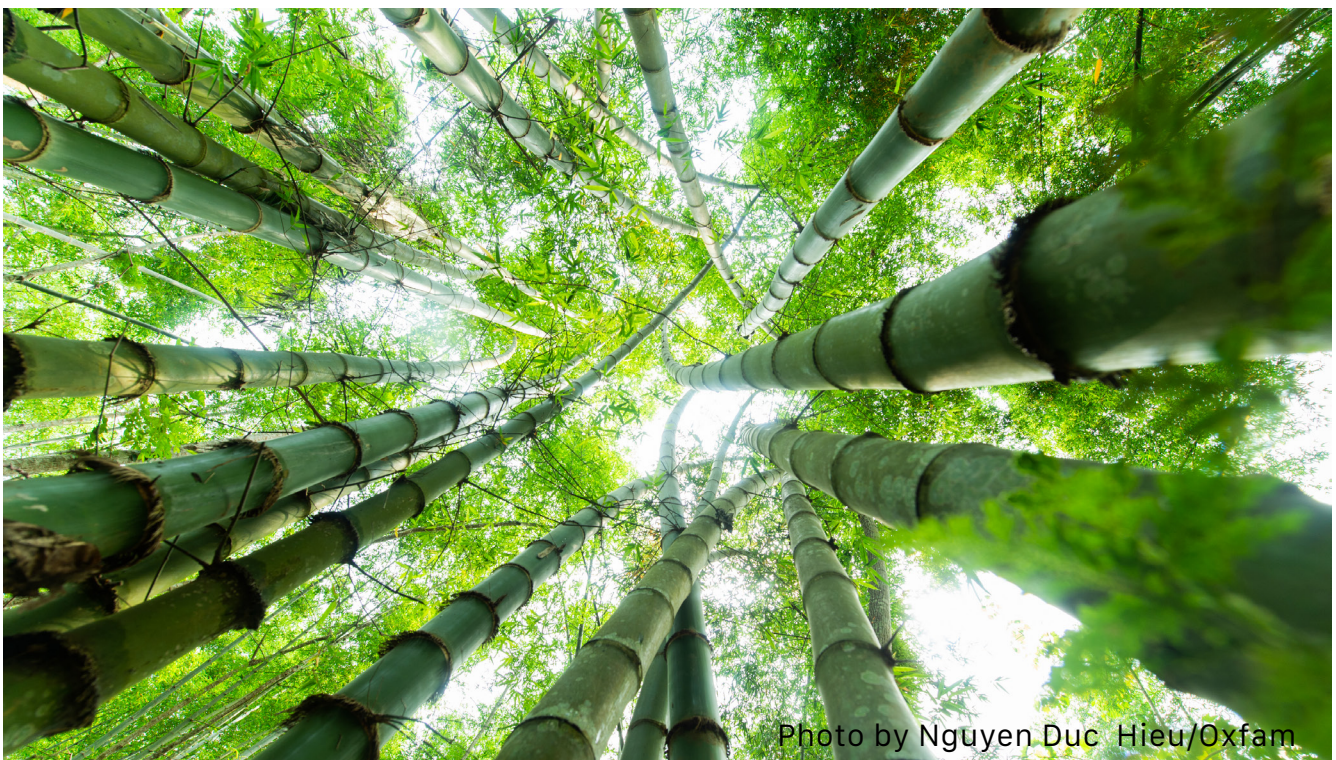


Photo by Nguyen Duc Hieu/Oxfam

METHODOLOGY

Fair Finance Guide Methodology (FFG) has been used to analyse the policies of financial institutions in Bangladesh, Japan, India, Thailand, Indonesia, the Philippines, Pakistan, Cambodia, and Vietnam. The methodology focuses exclusively on publicly available information disclosed by the banks themselves, concentrating on comparing the bank's policy commitment level with international standards.

In the third assessment of Vietnam, FFV FFV used the FFG toolkit updated in 2024. Eleven (11) banks¹ in the second analysis in 2022 continued to be analyzed and two (02) more banks were added to the analysis list, including Asia Commercial Joint Stock Bank (ACB) and Southeast Asia Commercial Joint Stock Bank (SeABank). Data collected for analysis is published by the banks

themselves on their websites and updated as of 31 November 2024. Regarding information in press releases, the data must be updated within 12 months prior to the scoring reference year (2023).

Eleven (11) themes under three pillars Environmental – Social – Governance were selected for assessment in Vietnam. Compared to previous assessments, Arms has been removed from the list of required topics and is therefore not included in this assessment. The rating scale of each theme is from 0-10, with 10 representing the highest score. During the analysis process, to avoid the risk of overlooking any relevant information, the draft analytics toolkit for each bank is sent to the respective bank for feedback prior to the final publication of results.

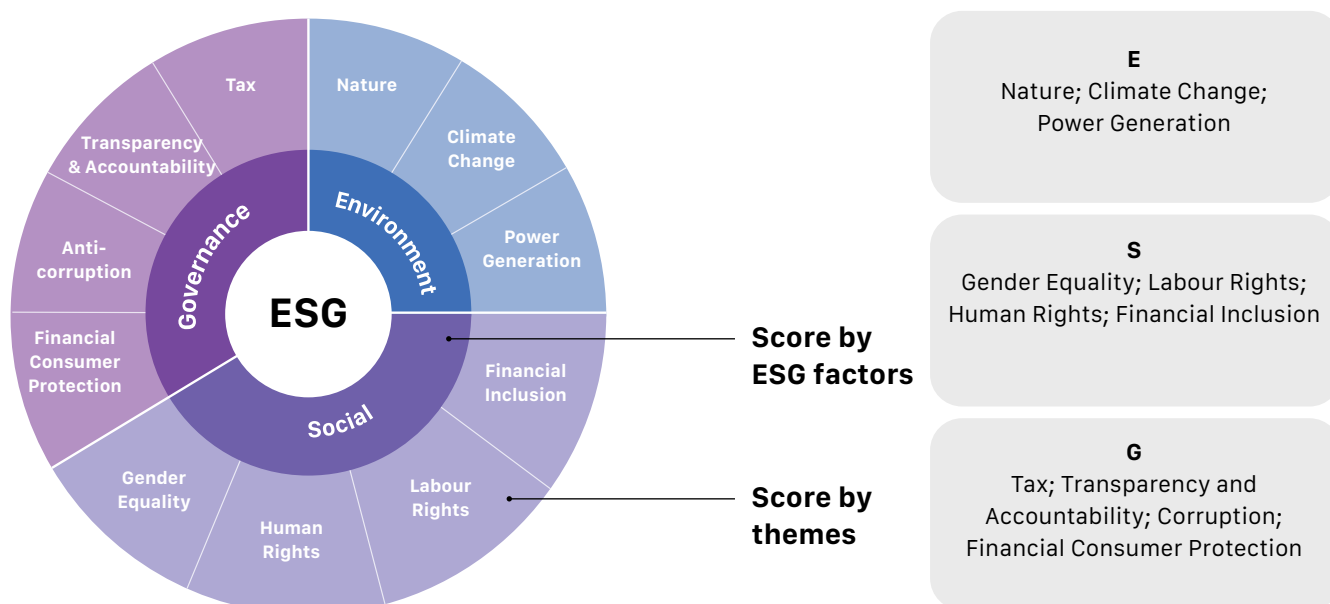


Figure 1 ESG themes under FFA analysis in 2024

¹ Agribank, BIDV, Eximbank, LPBank, MSB, Techcombank, VIB, Vietcombank, VietinBank, VP Bank, HD Bank

RESULTS AND RECOMMENDATIONS

ESG policy commitments of commercial banks

ESG policy commitments of Vietnamese commercial banks in 2024 have improved since our previous assessments in 2022 and 2020. The average ESG score of Vietnamese commercial banks in the 2024

research sample was 2.0 out of 10 points, representing a 0.5 (33.3%) increase from 2022 and a significant 0.9 (81.8%) increase from 2020.

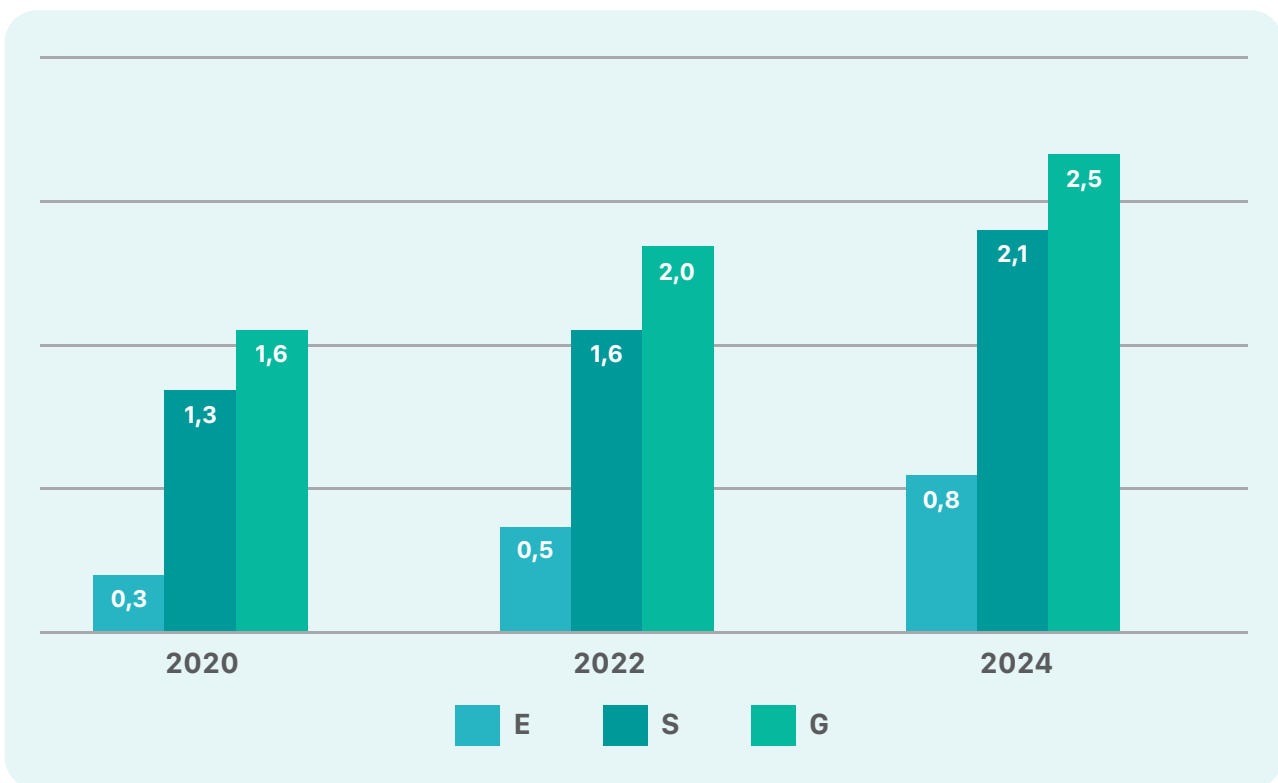


Figure 2 Average ESG commitment score of Vietnamese commercial banks in 2020, 2022, and 2024
(Benchmark: Fair Finance Vietnam's FFGM-based assessments, 2020-2022)

The improvement in ESG scores in this assessment, compared to previous ones, was observed across all three pillars: Environmental (E), Social (S), and Governance (G). However, among these three pillars, policy commitments primarily concentrate on the Social (S) and Governance (G) pillars, while those on the Environmental (E) pillar remain somewhat less defined.

Despite some positive progress, our

2024 analysis shows that Vietnamese commercial banks are still in the nascent stages of ESG policy commitments and implementation.

Consistent with previous years, public ESG policy commitments primarily concentrate on the commercial banks' internal operations and financing/investment policies. However, in 2024, some banks have begun to set out ESG policy for businesses receiving their loans.

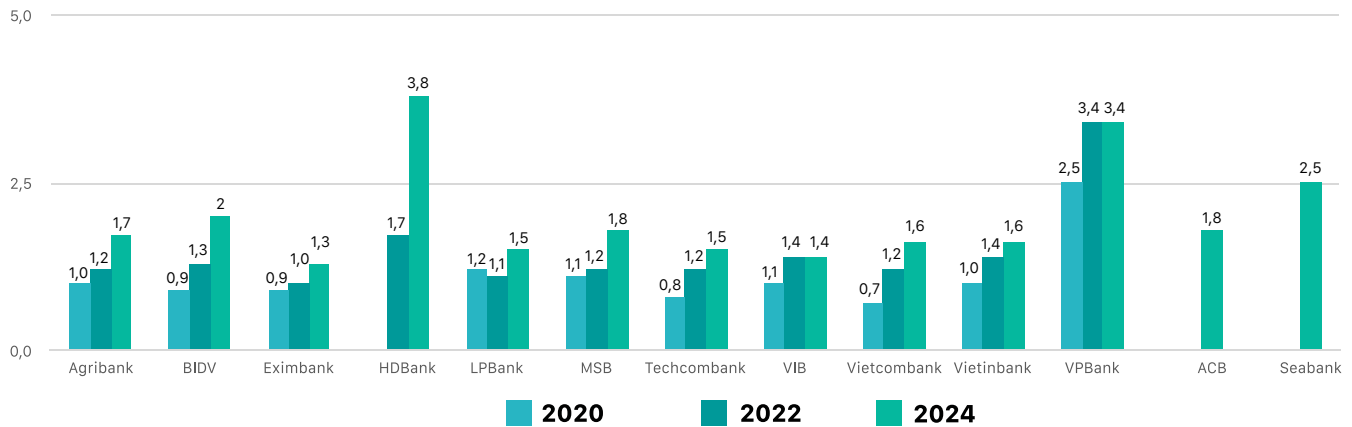


Figure 3 ESG Policy Commitments by Individual Commercial Banks in 2020, 2022, and 2024
(Benchmark: Fair Finance Vietnam's FFGM-based assessments, 2020-2022)

Among the banks included in the 2024 analysis, BIDV, Agribank, Vietcombank, HDBank, LPBank, and MSB have demonstrated positive progress in publicly disclosing their ESG policy commitments that align with international standards. HDBank's transformation is particularly remarkable, with its ESG score reaching 3.8 out of 10 points in 2024, a substantial increase of 2.1 points from 2022. This improvement is primarily attributed to HDBank's publication of a standalone Sustainability Report

in 2023, the implementation of the Policy on Environmental and Social Risk Management in Credit Extension, and the establishment of grievance mechanisms for individuals and communities negatively impacted by the finance-related activities of the bank. Additionally, ACB and SeABank, two new additions to the 2024 analysis, have also shown significant ESG policy commitments in line with our scoring criteria, with 1.8 and 2.5 out of 10 points in 2024, respectively.



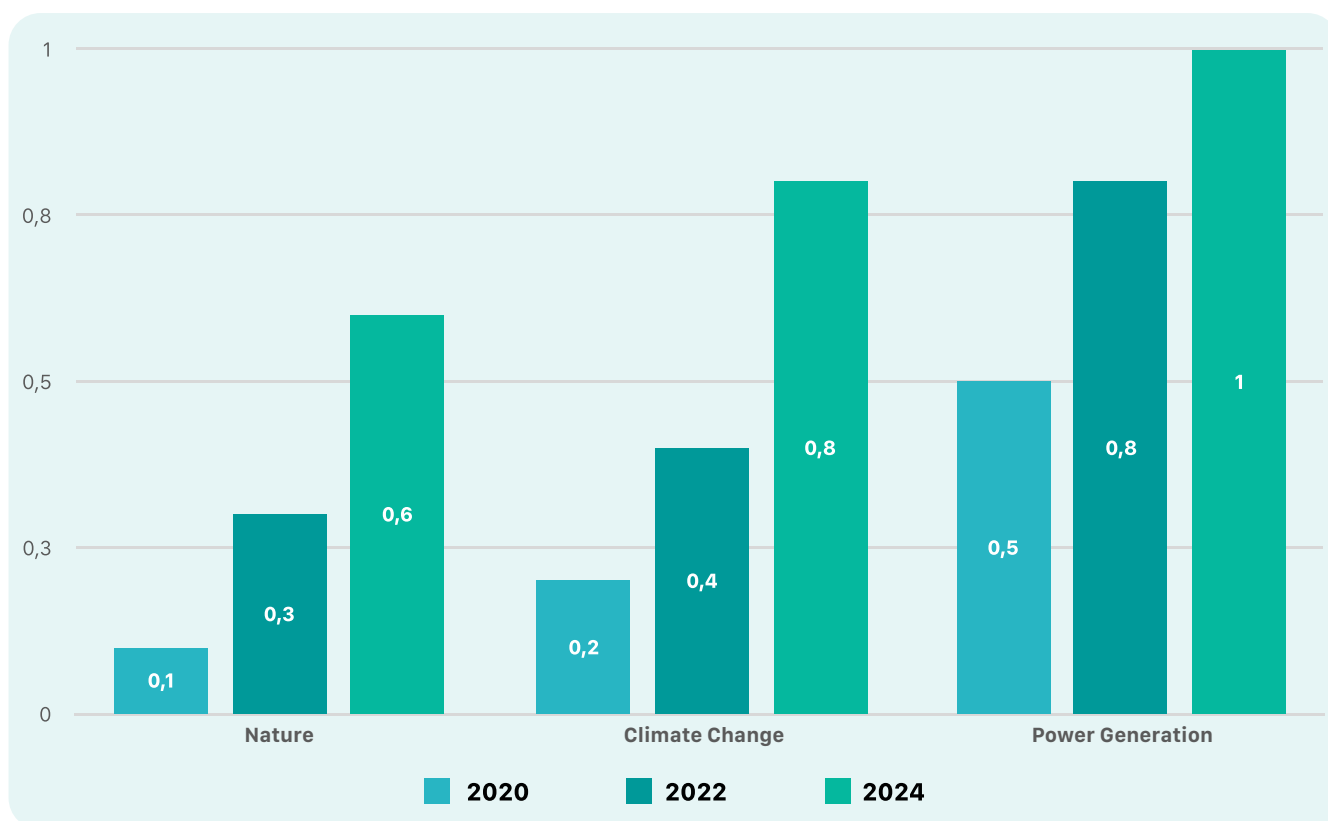


Figure 4 Commitments on Environmental (E) factors of Vietnamese commercial banks

(Benchmark: Fair Finance Vietnam's FFGM-based assessments, 2020-2022)

The Environment (E) pillar comprises three (03) themes: Climate Change, Power Generation, and Nature. The average Environmental policy commitment score for the 13 banks in the 2024 research sample reached 0.8 out of 10 points, marking an increase of 0.3 (60%) from 2022 and 0.5 (166.7%) from 2020.

In 2024, banks continued to advance green growth initiatives, environmental and nature protection efforts, and expanded capital allocation for green credit activities aimed at greenhouse gas emission reduction.

Similarly, in previous years, Environmental policy commitments predominantly focused on increasing financing for renewable energy projects. A limited number of banks (including HDBank, VPBank, and SeABank) have made explicit commitments to exclude coal-fired power generation or coal-related activities from their financing portfolios.

At the ASEAN regional level, Environmental policy commitment scores for Vietnamese commercial banks generally lag behind the regional average of countries such as Thailand and Indonesia.

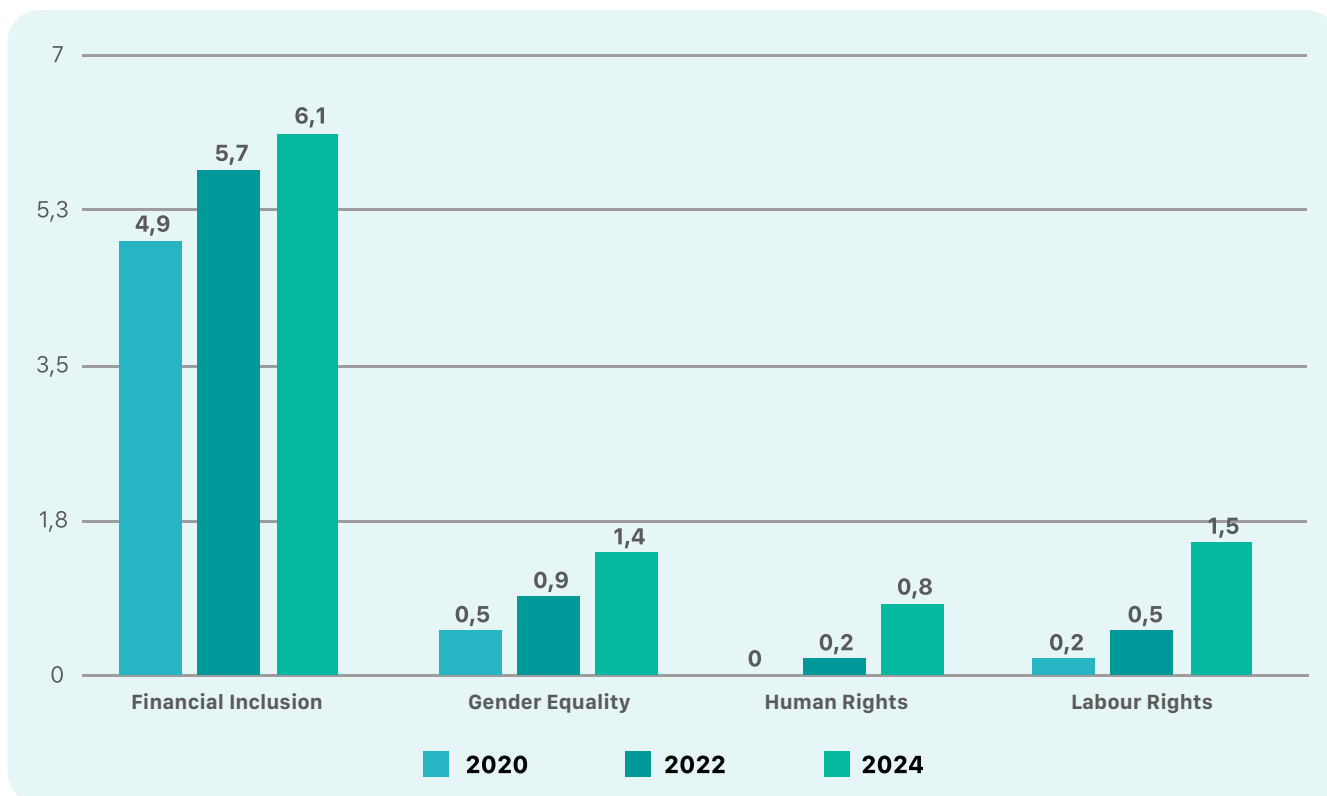


Figure 5 Commitments on each theme of the Social (S) pillar of Vietnamese commercial banks
(Benchmark: Fair Finance Vietnam's FFGM-based assessments, 2020-2022)

The Social (S) pillar covers four (04) themes, including Financial Inclusion, Gender Equality, Labour Rights, and Human Rights. 2024 policy commitments on the Social (S) pillar by commercial banks scored 2.1/10, an increase of 0.5 (equivalent to 31.2%) compared to 2022 and 0.8 (equivalent to 61.5%) compared to 2020. In particular, the theme of Financial Inclusion continues to have a strong focus, with policy commitments consistently improving. This aligns with the National Financial Inclusion Strategy to 2025, with a vision to 2030, issued by the Government (Decision No. 149/QĐ-TTg, dated January 22, 2020). In 2024, Vietnamese commercial banks achieved a policy commitment

score of 6.1/10 for Financial Inclusion, making it the highest-scoring theme among the 11 assessed. Concurrently, while at lower levels, the themes of Gender Equality, Human Rights, and Labour Rights also showed notable improvement in 2024 compared to previous years. Specifically, in 2024, the policy commitment scores for Gender Equality, Human Rights, and Labour Rights reached 1.4/10 (51% increase from 2022), 0.8/10 (315% increase from 2022), and 1.5/10 (196% increase from 2022) points, respectively. Compared to several ASEAN countries, Vietnam's overall policy commitments on the Social pillar remain relatively lower across most areas.

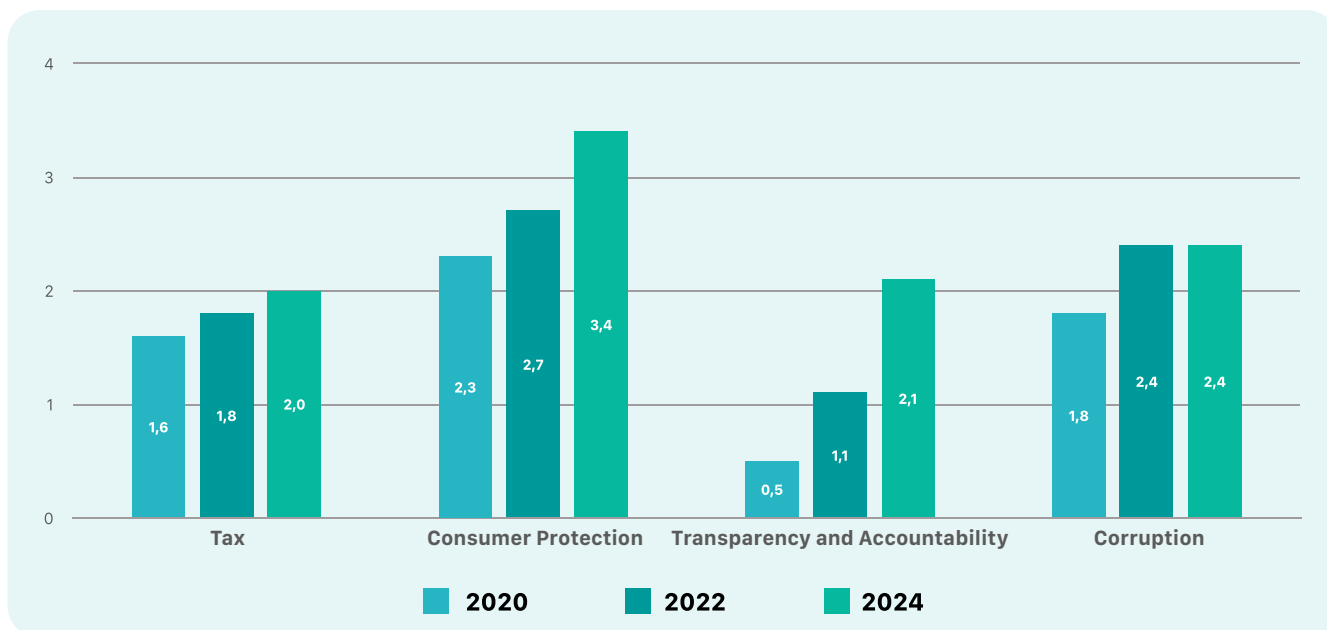


Figure 6 Commitments on Governance (G) of Vietnamese commercial banks
(Benchmark: Fair Finance Vietnam's FFGM-based assessments, 2020-2022)

The Governance (G) pillar is constituted by four (04) key themes: Financial Consumer Protection, Transparency and Accountability, Corruption, and Tax. In 2024, the average score for Governance policy commitments reached 2.5/10, marking an increase of 0.5 (or 20%) compared to 2022, and an increase of 0.9 (or 56.2%) compared to 2020. Overall, 2024 Governance policy commitments did not differ significantly from those in 2022. The most notable improvements were observed in the areas of Financial Consumer Protection and Transparency and Accountability. In 2024, the score for policy commitments on Financial Consumer Protection reached 3.4/10,

a 26% increase compared to 2022; the score for Transparency and Accountability rose to 2.1/10, an 87% increase over 2022; the score for Corruption-related policy commitments remained stable at 2.4/10, similar to 2022 level; and the score for the Tax theme increased to 2.0/10, representing a 9% improvement compared to 2022.

Within the Governance (G) pillar at the ASEAN regional level, Vietnamese banks scored comparably to their regional counterparts in the Tax and Transparency & Accountability themes but scored lower in the Financial Consumer Protection and Corruption themes.



Conclusions and recommendations

The analysis report on the ESG policies across 13 Vietnamese commercial banks in 2024 showed that ESG commitments of Vietnamese commercial banks have achieved notable progress:

- Banks have actively developed sustainability reporting frameworks and substantially enhanced their ESG-related disclosures;
- Several banks have published their exclusion lists for credit granting to fossil fuel-related activities;
- Most banks have updated their environmental and social risk policies;
- More specific and detailed policy commitments on certain aspects of Gender Equality, Human Rights, Personal Data Protection, and Grievance Mechanisms for communities affected by bank-funded activities are now in place;
- A number of banks (HDBank, VPBank, SeABank) have begun to introduce requirements for corporate clients receiving the bank's loans/credit.

Overall, banks have demonstrated increased engagement with Environmental, Social, and Governance considerations through more transparent, systematic, and consistent ESG disclosure. Whilst the level of ESG policy commitments still varies considerably across banks, compared to previous assessments, most have shown clear progress in strengthening their ESG-related policy frameworks. The publication of standalone sustainability reports highlighting core ESG policies of several banks represents a significant milestone

in the ESG policy commitment journey of Vietnamese commercial banks. The consistent and unwavering commitment by three banks to discontinue financing for coal-fired and oil-fired power projects signals a strategic shift in their business operations in alignment with Net Zero targets through responsible banking models.

Although current ESG policies among Vietnamese commercial banks remain incomplete, particularly regarding ESG commitment requirements for borrowers and the alignment of Climate Change, Nature, Human Rights, and Labour Rights policies with international standards, the banks' emerging commitments to gender equality, community grievance mechanisms, and personal data protection demonstrate significant progress. These developments reflect a growing awareness among commercial banks of stakeholder expectations regarding ESG policy commitments and indicate a more proactive approach to ESG integration.

Given these achievements, we are confident that Vietnamese commercial banks will continue to advance their ESG policy commitments and implementation in the forthcoming period.

Based on the analysis of the 13 commercial banks, the "NEW PROGRESS TOWARDS SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITMENTS IN THE BANKING SECTOR: Case studies of thirteen Vietnamese commercial banks in 2024" report continues to put forth recommendations to the State Bank of Vietnam and commercial banks to promote their ESG commitments in accordance with international standards while approaching the regional level.

For commercial banks

1. Commercial banks should keep reviewing the status of their ESG policies, including internal operating policies, investment/lending policies, and those applied to corporate customers who take out credit or receive investment from them, as well as the level of information disclosure and ESG commitments corresponding to each theme for the development of plans for policy revision, updating and formulation in line with each bank's strategic goals.

2. Commercial banks should make ESG information disclosures regarding themes that they have policies on and have been implementing in a consistent, transparent, and systematic manner on a regular basis and between reporting periods. In particular, banks should consider the following:

- (i) Developing and publishing a standalone sustainability report along with an E&S exclusion list for credit and investment activities is a strategic way to standardise information regarding the bank's ESG policy commitments and sustainable development objectives, enabling stakeholders to access such commitments in a more timely, comprehensive, and user-friendly manner.
- (ii) Certain applicable policy content should be formalised as independent policies to enhance consistency, rather than being reiterated across Annual Reports or Sustainability Reports.
- (iii) At the same time, establishing dedicated ESG-related sections on the bank's website to systematically disclose relevant policies is essential to ensure stakeholder accessibility.

3. Banks can play a pivotal role in steering progress towards sustainable development goals. Therefore, policies requiring and/or encouraging clients to declare and implement ESG commitments should be developed and implemented beyond a primary focus on internal operating policies.

4. Commercial banks need to have a dedicated ESG department/personnel in charge of studying and consulting on the development of an ESG policy roadmap in line with their strategy and ensuring compliance. Mechanisms to monitor and measure the realisation of ESG commitments and policies are also required. This department should also manage stakeholder feedback and complaints (where applicable) regarding ESG policies and implementation, ensuring the effectiveness of the policy commitments of commercial banks. In addition, to align banking ESG policies and practices with international standards, these dedicated functions must design specific and measurable future targets rather than making disclosures without quantifiable performance indicators.

5. To achieve financial inclusion, banks should prioritise designing banking products and services that are appropriate for vulnerable groups and communities with limited access to banking services, as well as mechanisms for consulting social organisations and communities on related issues and grievance mechanisms for communities impacted by banks' investment/financing activities.

For the State Bank of Vietnam and relevant line ministries and departments

Given the inclusion and complexity of ESG policies' contents, commercial banks can only implement and conform to them upon the completion of a legal framework and associated implementation guidelines, which must ensure the alignment between the SBV and competent authorities. As such, 05 additional recommendations are proposed:

1. Develop and promulgate a common set of ESG standards for commercial banks in Vietnam in alignment with international standards and conventions.
2. Criteria for green classification (taxonomy) in the field of credit and investment should be announced as a priority.
3. Develop a set of tools to evaluate and rank the level of ESG commitments of commercial banks based on the common standards released by SBV (with possible reference to the Fair Finance Guide Methodology, FFGM). It is recommended that the assessment process embrace transparent consultation with social

organisations, research institutes, and relevant stakeholders.

Since Environmental (E) and Social (S) factors are cross-cutting and require knowledge of various fields, the openness of the State Bank of Vietnam and line ministries and departments, together with contributions from the community, social groups, and science and technology organisations will ensure the practicability of developed policies in which E and S criteria are successfully integrated.

4. Given that ESG commitment and implementation in Vietnam are still in nascent stages, achieving long-term goals requires not only coordination among relevant line ministries and departments, but also collaboration with non-state initiatives and a strong attention from research institutes and universities to increase ESG awareness among leaders and ensure future ESG strategies are effectively implemented across commercial banks in Vietnam.



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Read the full report [here](#).



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The Fair Finance Vietnam initiative is working towards reducing the negative consequences that Vietnamese financial institutions' investments have on the environment and the community. This initiative contributes to providing input and recommendations and encouraging Vietnamese commercial banks and stakeholders to plan and implement ESG policies, thereby contributing to green growth and sustainable development.

For more information about FFV: <https://vietnam.fairfinanceasia.org/>

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