

Public Listed Companies (“PLC”)
in Viet Nam:

The state of ESG commitment and Sustainability reporting

Insights from:

- > PwC report on ESG Readiness in Vietnam 2022/2023, and
- > PwC analysis on the State of sustainability reporting in Asia Pacific 2023



The state of PLCs' ESG commitments

The insights for PLCs in Viet Nam are extracted from the Viet Nam ESG Readiness survey - a public survey conducted between May and August 2022 among the business community in Viet Nam.

Our survey was conducted online in collaboration with the Vietnam Institute of Directors ("VIOD") where 234 participants (including 55 representatives from Public listing companies (PLCs)) were asked about their commitment, plans, capabilities and activities with regard to ESG.

PLCs in Viet Nam have a high level of commitment but are more cautious to begin the ESG journey :

7%

do not plan to identify/ make an ESG commitment in the next 2-4 years
(Viet Nam: 20%)

58%

planning to do so in the next 2-4 years
(Viet Nam: 36%)

35%

have made an ESG commitment and plan
(Viet Nam: 44%)

Key motivation drivers:

Consumers, investors and employees are key ESG drivers to motivate PLCs to make an ESG commitment. However, PLCs are under more pressure from investors and stakeholders compared to other businesses.

53%

say that the increasing pressure from investors and stakeholders motivates them to make an ESG commitment
(Viet Nam: 40%)

80%

rank governance as the top priority of the executive agenda
(Viet Nam: 40%)

Only 14% rank environmental issues as a top priority and only 6% rank social issues as a top priority

Key challenges:

73%

cite the lack of transparent regulation as the key challenge for them in embedding ESG risks in their risk framework
(Viet Nam: 67%)

Lack of senior leadership to drive ESG commitments

Only **36%**

believe that their boards take clear active leadership on the ESG agenda
(Viet Nam: 35%)

44%

report that there is no clear ESG leader within their organisation
(Viet Nam: 38%)



The state of PLCs' sustainability reporting

The insights for PLCs in Viet Nam are extracted from the sustainability reporting study by PwC and the National University of Singapore Centre for Governance and Sustainability.

The study focuses on the top 50 listed companies in terms of market capitalisation across 14 selected jurisdictions across the Asia Pacific, including Viet Nam. A total of 700 listed companies were studied, spanning 11 industries. The study is based on the latest sustainability reports and annual reports available up to January 2023.

State of sustainability reporting standards and frameworks used in Viet Nam:

The standards and frameworks of the International Organization for Standardization ("ISO"), GRI and SDG are the top three most commonly used sets of standards and frameworks for sustainability reporting in Vietnam, used respectively by 54%, 50% and 32% of companies.

Materiality and stakeholder engagement

The identification of material ESG topics for the organisation's core strategy and value creation prioritises risk management and opportunity cultivation efforts.

76% of the companies studied identify material ESG factors (APAC: 94%)

The disclosure of material ESG factors shows stakeholders a relevant sustainability comprehension and aids investors in assessing investment risks and opportunities.

46% of the companies studied disclosed their stakeholder engagement channels (APAC: 83%)

28% of the companies studied responded to stakeholder concerns (APAC: 54%)

Strategy and targets

Target setting is crucial for companies to track progress on material ESG factors and adjust strategies as needed.

96% of the companies studied disclosed sustainability targets to guide their future development. (APAC: 92%)

The majority of the studied companies disclose short-term and medium-term ESG targets (respectively 84% and 70%). Less than half (48%) disclose long-term targets i.e. >5 years).

Among the studied PLCs [delete] in Vietnam that have disclosed sustainability targets:

Only 8% disclosed net zero targets (APAC: 51%)

None of the studied companies had disclosed net zero targets based on and verified by the SBTi.

Climate change and management of its risks

Climate change disclosures are vital for sustainability reporting and addressing risks. Adapting strategies to meet regulations and stakeholder expectations presents both challenges and opportunities for companies.

78% of the companies studied identify climate-related risks/opportunities (APAC: 88%)

The state of disclosure practice relating to climate change risk/opportunity management among the studied companies is as follows:

- ▶ **50%** disclose processes for managing climate-related risks/opportunities
- ▶ **18%** disclose strategies for integrating climate-related risks into risk management
- ▶ **34%** disclose the targets for and/or the tracking of climate-related risks and opportunities
- ▶ **64%** disclose climate scenario analysis
- ▶ **<7%** disclose Scope 1 and Scope 2 greenhouse gas ("GHG") emissions

Governance and responsibility

The Board of Directors ("BOD") plays a crucial role in overseeing ESG factors and integrating sustainability into decision-making and resource prioritisation. Effective sustainability governance supports the BOD's oversight role.

46% of the companies studied disclose their BOD's responsibilities regarding sustainability (APAC: 84%)

44% of the companies studied disclose their sustainability governance structure (APAC: 79%)

8% of the companies studied disclosed the number of BOD members/management with sustainability training (APAC: 36%)



No PLCs in Vietnam disclosed a link between the remuneration of top executives and their sustainability performance

Building trust

Disclosure of reporting scope offers transparency and context for readers, showing what's covered and any limitations. This includes operating sites, industry activities, assets, and scope determination.

54% of the companies studied have disclosed their scope of report (APAC: 84%)

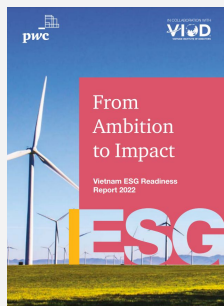
96% of the companies studied went further to explain their scope of report. (APAC: 71%)

Assuring sustainability reporting ensures accuracy, builds trust, mitigates risks, and gives confidence to stakeholders, management, and shareholders.

18% of the companies studied have disclosed an internal review / assurance (APAC: 28%)

10% of the companies studied have disclosed external assurance (APAC: 49%)

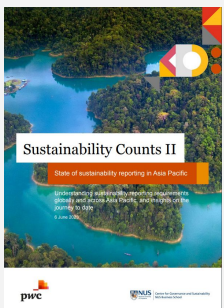
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Vietnam ESG Readiness Report 2022

From ambition to impact

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Sustainability Counts II

State of sustainability reporting in Asia Pacific



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