



Exploring Environmental, Social, and Governance (ESG) Reporting at Vietnamese Company Case Studies

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Abstract

Research purpose:

The objective of this study is to explore case studies of performing ESG to provide insight into ESG activities and reports at Vietnamese companies.

Research motivation:

At present, there are few previous studies on actual ESG activities at Vietnamese enterprises, and what activities or reports are conducted at specific enterprises.

Research design, approach, and method:

Scenario-based approach for case studies analysis, interviews, and document analysis is employed in this research.

Main findings:

This article figures out the scheme of ESG regulations in Vietnam and analyzes the main characteristics of ESG performance in two case studies of Vietnamese companies. We found the details of three aspects of environmental, social, and governance performance at the two companies, one in the industrial development zone sector and one in the agricultural sector.

Practical/managerial implications:

To promote the performance and disclosure of ESG information in Vietnamese companies, to enhance the awareness of policymakers on providing more conditions for ESG practices in the future.

Keywords: *ESG, report, performance, Vietnamese enterprises, case studies.*

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1. INTRODUCTION

The UN Sustainable Development Goals (SDGs) include 17 global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. It was released in 2015 by the United Nations General Assembly and intended to be reached by 2030. Based on SDGs, the Environmental, Social, and Governance (ESG) system has been applied as the subset of sustainability. In recent years, the trend of disclosing ESG reports has increasingly risen due to the interests of stakeholders and society in the sustainable development of companies around the world.

In 2015, ASEAN officially announced ESG as a priority in the ASEAN Socio-Cultural Community Blueprint 2025. The ESG-related problems remain more strongly after the Covid-19 pandemic, “a crisis like no other”, with the importance of developing regional resilience and sustainability in the ASEAN Comprehensive Recovery Framework (ASEAN, 2020; Arnold, 2021).

At the company level, pressure from stakeholders is pushing companies towards greater information disclosure in ESG

aspects. First, the regulatory requirements put strong pressure on sustainability reporting among Indo-Pacific companies (Qian et al. 2020). Many developed countries have regulations mandating some form of sustainability or

provide ESG reports. According to Qian et al. 2020, companies in ASEAN are vulnerable to international pressures due to the heavy dependence on foreign direct investment and its participation in global supply chains. Third, pressure from customers and society has required companies to engage in ESG disclosure based on sustainability standards (Deloitte, 2018). Especially, Indo-Pacific companies have cited public trust and social legitimacy as the major influences motivating their sustainability reporting publication to improve their image (Qian et al. 2020).

Sustainable development is the aim of all economies and ESG issues are considered as the three pillars of sustainability (Przychodzen et al., 2016). This forces Vietnamese companies to aim for sustainable development through ESG activities and releasing ESG reports. According to PWC (2022), the rate of ESG reports is quite low in Vietnamese companies. Apart from listed companies, approximately 70% of 234 surveyed enterprises have not or rarely disclosed ESG reports. Also, it is hard to find research on the actual application of ESG in Vietnamese enterprises at present. Therefore, this article aims to explore some case studies of performing and reporting ESG at Vietnamese companies to provide insight into detailed ESG activities in the industries. The main contribution of this study is to promote the performance and disclosure of ESG reporting at Vietnamese companies and to enhance the awareness of ESG practices in the future.

2. LITERATURE REVIEW

ESG, encompassing Environmental, Social, and Governance criteria, is a framework for evaluating business impacts in these areas. While closely tied to sustainability, ESG is often seen as a subset that includes economic aspects. Both ESG and sustainability center on environmental, social, and governance concerns. ESG, a standardized tool, allows investors and stakeholders to assess a company's societal and environmental impact and governance practices. Sustainability is a broader principle promoting responsible business conduct by considering ESG factors.

The key difference lies in scope. ESG is a specific tool measuring company performance in areas like carbon emissions, water treatment, diversity, worker conditions, and board management. Sustainability, on the other hand, is a broader principle encompassing various responsible business practices, from supply chain management to stakeholder engagement and community development.

The term ESG originated from the 2004 United Nations report "Who Cares Wins," gaining initial support from 20 financial institutions in response to a UN call. Consequently, ESG found its roots in the finance sector. ESG focuses on how companies and investors incorporate environmental, social, and governance considerations into their business models. The concept can be traced back to the 1950s when the term Corporate Social Responsibility (CSR) was introduced, laying the foundation for the evolution of ESG (Bansal & Song, 2017). ESG explicitly includes governance, while CSR addresses governance indirectly to environmental and social concerns. Presently, ESG has evolved more extensively and comprehensively than CSR (Gillan et al., 2021).

ESG encompasses three key elements, namely environment, social, and governance, providing a crucial metric for evaluating the sustainability and ethical impact of investments in companies or businesses (SBFN Network, 2021). The utilization of ESG reports is on the rise, driven by the increasing significance of environmental, social, and governance considerations for global sustainable development and the long-term success of enterprises (KPMG, 2022). ESG, or Sustainability Reporting, involves the public disclosure of non-financial information by companies to stakeholders, primarily covering disclosures related to the three ESG aspects of business operations. These disclosures promote transparency, showcasing a company's commitment to sustaining ethical business practices.

Sustainability reporting goes beyond the company and shareholder perspective, encompassing the viewpoints of various stakeholders. It aids companies in identifying risks and opportunities related to ESG issues, facilitating risk mitigation, and capitalizing on opportunities (Tähtinen, 2018). ESG reports enhance a company's transparency regarding risks and opportunities, serving as a communication tool to reassure skeptics about the sincerity of the company's actions (PWC, 2022).

Consumers use ESG reports to align their investments with companies sharing their values, while investors seek both qualitative and quantitative information to evaluate investment opportunities based on ESG factors. Ratings gauge a company's economic value at risk based on ESG factors, determining its values. Companies reporting ESG performance more comprehensively tend to receive higher rating scores, exemplified by entities like Bloomberg and S&P Dow Jones Indices (S&P DJI). The absence of ESG reporting can adversely impact an organization's ESG score.

In 2021, global bonds issued for ESG goals surpassed \$1 trillion, more than doubling the amount sold in 2020 (Bloomberg, 2021), underscoring the growing importance of ESG considerations in the financial landscape. The Sustainable Finance Disclosure Regulation (SFDR)

by the European Union targets sustainable investments

through mandated ESG reporting for financial market participants and advisors. In addition, the European Commission has proposed the Corporate Sustainability Reporting Directive (CSRD), extending reporting requirements to include even unlisted companies, compelling them to disclose how sustainability issues impact their businesses and their societal

and environmental effects. ESG reporting disclosures are now mandated by stock exchanges in Singapore and Thailand.

report and measure. Companies often utilize multiple frameworks for ESG disclosure. For instance, Microsoft, in its sustainability report, employs the United Nations' Sustainable Development Goals (SDGs), incorporates the Global Reporting Initiative (GRI) Sustainability Reporting Standards for CSR reporting, the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). Furthermore, 3M highlights its participation in the United Nations Global Compact (UNGC), while The Coca-Cola Company aligns its report with the United Nations Guiding Principles Reporting Framework (UNGPRF).

The EY Fifth Global Institutional Investor Survey 2020 reveals a significant shift in investor behavior towards a more disciplined and rigorous assessment of companies' nonfinancial performance, with 98% of investors indicating this trend. A substantial 72% of surveyed investors confirmed their incorporation of sustainability factors into their evaluation processes. Moreover, an overwhelming 98% of respondents emphasized the vital role played by nonfinancial performance considerations in influencing their investment decision-making. The survey underscores the following benefits of ESG reporting:

- Encourage organizations to mitigate their negative performance, environmental, social, and governance impacts.
- Encourage organizations to improve their understanding of risks and opportunities associated with climate change (e.g., Climate-related Financial Disclosures) and other sustainability factors.
- Increased transparency for investors and facilitated the flows of capital into companies with good ESG practices.



Table 1. ESG components (Source: Authors summarized)

3. METHODOLOGY

The research design adopted for this study is qualitative, aiming to analyze and comprehend the phenomenon within its social context (Humphrey and Lee, 2004). To achieve this, the case study method has been employed, providing an in-depth exploration of ESG perception within selected Vietnamese companies. The case study is an empirical research approach that delves into a contemporary phenomenon, offering a comprehensive understanding within its authentic context, particularly when the boundaries between the phenomenon and its context are not clearly defined (Yin & Davis, 2007). The data collection procedures encompass the following methods:

- Interview and observation: we set up protocol questions on ESG performance and reports for asking the interviewees to collect the potential sources of evidence for the research objective. We conducted the research method at two Vietnamese companies including one in industrial zone development and one in agricultural sector.
- Document analysis: we analyze the case studies and the literature on ESG, to figure out the real situation of ESG for each selected company. Also, we analyzed the scheme of ESG regulations in Vietnam from 2012 till now to explore the roadmap for ESG guidelines in the future.

4. RESULTS

4.1. The current ESG legal framework in Vietnam

At the 26th United Nations Climate Change Conference of the Parties (COP26) on 1 November 2021, Vietnam committed to reaching a Net Zero target by 2050, stopping deforestation by 2030, and phasing out coal-fired power by 2040. Recently, the Ministry of Natural Resources and Environment has partnered with the International Finance Corporation and Citibank for support and resources to help Vietnam achieve its goals. The regulations and guidelines have recently been issued to make ESG practices more mainstream and require higher commitment from Vietnamese enterprises. The numbers of regulations increase rapidly from 2012 to 2023 as shown below. The issuance of Circular No. 96/2020/TT-BTC providing guidance on ESG information reporting requirements for public and listed companies has required companies to disclose information on ESG, creating a good policy precedent in Vietnam. Particularly for the banking sector and financial companies in Vietnam, ESG regulations were issued much earlier than other sectors with Directive 03/2015 on green credit. The State Securities Commission (SSC) of Vietnam has required that all listed companies disclose ESG based on Circular No. 96. However, the lack of a general mandatory reporting regime means that the quality of disclosure and analysis are different among companies. It is now time for Vietnamese companies to publish ESG/ sustainability reports that are fully aligned with international practice such as GRI or TCFD, to meet the needs of stakeholders within Vietnam and international investors. The main regulations of ESG in Vietnam can be summarised as follows:

- 2012: National Green Growth Strategy up to 2020 issued at Decision 1393/00-TTg identified green growth as a crucial factor for a sustainable economy to mitigate the impact of climate change.
- 2015: Financial Sector Action Plan on the Implementation of the National Green Growth Strategy up to 2020 focusing on green financial marking and enhancing public awareness of this issue; the Directive 03/CT-NHNN by the State Bank of Vietnam on promoting green credit, environmental and social risk management in the credit issuance.
- 2018: Decree 163/2018/ND-CP December 4th, for regulations on corporate bond issuance; Decision No. 986/QD-TTg August 8th, on Vietnam banking industry development strategy to 2025, mentioning green credit and green banking. Decision 1604/QD-NHNN August 7th on Green banking development project.
- 2019: Vietnam Corporate Governance Code of Best Practices for public companies issued in SSC Handbook; Labor Code 2019, No. 45/2019/QH14 issued on November 20th, on welfare and basic needs, recruitment.
- 2020: Law on environmental protection of Vietnam; Circular 96/2020/TT-BTC issued on November 16, 2020, Section 6 - Part II - Appendix IV guide reporting information on ESG impacts for listed companies.
- 2021: Decision 1658/QD-TTg approving the National Strategy on Green Growth from 2021 to 2030, with a vision to 2050.
- 2022: Decision No. 896/QD-TTg dated July 26th National strategy on climate change; Decision No. 687/QD-TTg June 7 approving the Circular Economy Development Project branches; Decision No. 450/QD-TTg April 13 approving the National Environmental Protection Strategy until 2030; Circular No. 17/2022/TT-NHNN providing guidance for environmental risk management in credit granting activities by credit institutions and foreign bank branches; Decree 06/ND-CP elaborating some articles of the Law on Environmental Protection, including Article 91 on mitigation of GHG emissions, Article 92 on the protection of ozone layer, Article 139 on organization and development of carbon market; Decision 01/2022/QD-TTg promulgating the list of sectors, 1912 organizations and business are required greenhouse gas-emitting establishments subject to greenhouse gas inventory. Also, on 11th August, One Strategic Framework for Sustainable Development Cooperation between the UN and Vietnam signed for the period 2022-2026
- 2023: Decision No. 993/QD-TTg on 24th August approving the national plan to implement the Glasgow Declaration on forests and land use until 2030. The Plan aims to contribute directly to the goals of sustainable agricultural and rural development, reducing greenhouse gas emissions and adapting to climate change, conserving biodiversity, sustainable forest management, transitioning to a green, circular economy; promoting sustainable livelihoods for local people and communities, ensure food security and protect the environment.

According to the PwC 2022 report assessing the readiness of 234 Vietnamese enterprises, approximately 70% of the respondents either do not disclose ESG reports or do so infrequently (PwC, 2022). Of these, 61% of companies attribute their reluctance to commit to a lack of knowledge, while 67% consider the absence of transparent regulations a significant challenge. However, the survey indicates a high level of ESG commitment, with 80% of companies having made ESG commitments or planning to do so soon. Interestingly, governance is identified as the most crucial element in the ESG strategy for Vietnamese companies.

4.2. Case studies of ESG performance at Vietnamese companies

4.2.1. Company A

General Introduction: Established during the early 2000s, the company functions within the industrial park development administration of the Province Committee, with responsibilities encompassing the development of industrial parks within the city. The company's strategic development plan centers around coastal regions, primarily for export. The inaugural industrial park was established in 2007, followed by a second one in 2008, and a third in 2016. Subsequently, the company underwent public listing on the stock exchange. In its initial phases, the company partnered with Taiwan, eventually expanding its partnerships to include entities from Singapore and Japan. The company's unwavering ethos has consistently revolved around sustainability, evident through its motto, "Partner in Success." At present, the company has a workforce of 130 employees.

In terms of its clientele, the company adopts a strategic approach that does not exclusively target customers in pursuit of vast land areas. Instead, it focuses on customers needing moderate land sizes combined with advanced technological capabilities. Nationality-wise, the customer distribution is divided evenly between domestic Vietnamese enterprises (with a manufacturing focus) and foreign corporations (predominantly from Japan, followed by South Korea, Europe, and the United States). The pricing of its services tends to be around 20% to 30% higher compared to other industrial parks within the region.

ESG international certificates: Ever since the company started serving clients from Europe (particularly Germany) and the United States, the company has gained valuable insights from customers who consistently emphasize "Green Building" practices. Starting in 2015, the company has been dedicated to obtaining "Green Building" certification LOTUS standard of Vietnam. There are clients in the industrial park that also successfully acquired international LEED certification for Green Building. Within industrial zones, clients have the flexibility to register for and commit to international ESG certifications tailored to their specific needs. Furthermore, the company proactively registered for and implemented ISO 14001 right from its inception. The company attained the 2015 version of this certification and continues to adhere to its requirements.

Environmental performance: The company has a well-defined strategic commitment to environmental sustainability. It has established a clear vision for creating an ecologically responsible urban environment. Right from its inception, the company established an Environmental Fund. Initially, the company's primary focus was on environmental concerns, particularly water treatment. This led to the development of an advanced wastewater treatment plant capable of treating Class B wastewater and upgrading it to Class A quality before release into the environment. Over time, the company further improved its wastewater treatment processes, surpassing even Class A standards. The company also possesses the capacity to treat and recycle Class C water, which can be returned to clients for purposes such as irrigation. Additionally, the company has infrastructure in place to return wastewater to customers for additional treatment.

In terms of urban planning, green spaces play a pivotal role in the company's strategy. The company recognized that managing a large, centralized park would be challenging. Therefore, it has taken a distinct approach from other businesses by integrating greenery along roadways. Customers will be responsible for planting greenery around their respective areas as well as along the entrance roads to their premises. This approach empowers customers to manage their own green spaces autonomously.

Social performance: When acquiring land for industrial zones, the company actively engages in constructing resettlement areas for residents, giving this top priority. Since 2010, the company has also been involved in developing housing facilities for its workers. Currently, there are four residential blocks within the industrial zone, accommodating 5000 workers, with full occupancy. Within the industrial zone, amenities include medical clinics that accept social insurance, a kindergarten, a supermarket, various community spaces, communal areas, family units, and specialized facilities. Particularly during the COVID-19 pandemic, this housing model proved to be highly effective, enabling customers in the area to maintain a competitive edge in terms of their workforce due to the availability of diverse housing services. Even JICA conducted a study on this successful model. Initially, when constructing the housing facilities, the company committed to the costs, fully aware that immediate profitability might not be achieved, even potentially operating at a loss for the first five years. However, this was deemed a prudent long-term strategy.

In terms of security and safety, the company collaborates closely with local authorities. It established a community-level police station within the industrial zone, subsequently upgrading it to a district-level station situated within the industrial zone itself. This on-site law enforcement presence significantly contributes to the swift resolution of worker strikes when they occur. In practice, there have been very few instances of either full-site strikes or individual strikes, primarily due to customer policies. The early presence of law enforcement plays a critical role.

Regarding community engagement, the company shares general information and actively engages in dialogues with

various customer levels. The Japanese community holds regular monthly meetings, while the Korean community conducts fewer gatherings. Additionally, there is an annual dialogue with the provincial government, involving provincial

the local population as an integral community with three interconnected spheres of influence: the company itself, the customers within the managed industrial zone, and the surrounding community.

Governance performance: The company places a strong emphasis on adhering to general regulations, given its numerous foreign shareholders, primarily in the form of funds. From its inception, the company has consistently implemented the balanced scorecard methodology. Ensuring compliance with ISO regulations is a pivotal aspect of its management practices. The company proactively introduced an additional risk management tool, namely the U.S.-based COSO, and commenced training and its practical application in 2016 and 2017.

Unlike employing an ERP system, the company adopts a tailored approach for each project, recognizing the impracticality of a one-size-fits-all system. It actively conducts internal audits to keep operational regulations up-to-date and regularly seeks annual management consultation to guide its strategic direction.

Monthly risk management meetings are held contingent upon the risks associated with different customer types for the given year. These assessments rely on various indicators and thresholds. The company convenes monthly meetings to collect insights from each department and adjust based on the evaluated risks. These gatherings include the Executive Board and the heads of the participating departments.

Since 2018, the company has undergone a comprehensive enhancement initiative, updating its balanced scorecard (BSC). This process encompassed redefining the company's strategic objectives, and key pillars, and establishing detailed, scientifically structured key performance indicators (KPIs). The criteria and indicators for each field were made more transparent and distinct.

Internal management operations are driven by the goal of achieving balance among financial factors, customer satisfaction, and human resources development. The leadership's unwavering commitment is apparent in their dedication to sustaining, adapting, and closely monitoring the company's management practices.

For effective oversight and discussion, a designated officer oversees the COSO (ISO), compiles comprehensive reports, and actively participates in regular collective meetings.

ESG Reporting: The company includes a section in its annual report (in compliance with Circular 155/2017/TT-BTC). Starting in 2017, it has integrated an ESG (Environmental, Social, and Governance) report as a component of its annual report. However, the company does not produce a standalone ESG report.

Overall Assessment of Advantages: The company enjoys several distinct advantages. It operates as a subsidiary of a well-established parent company with a rich legacy and pre-existing operational procedures. The company places considerable emphasis on monthly risk assessment, underlining its commitment to risk management. Furthermore, there is clear evidence of leadership's dedication to implementing ESG principles from the company's inception, backed by substantial support from major stakeholders and well-defined financial commitments. The unwavering determination of the leadership team, shaped by their mission to create a sustainable ecological urban area and guided by a long-term vision, stands as a pivotal driver for ESG advancement. Additionally, the presence of a transparent information system and well-defined processes enhances the company's capabilities in this regard.

Overall Assessment of Challenges: The company has acknowledged a range of challenges it has encountered and continues to confront in its pursuit of sustainable development.

External Infrastructure: External factors beyond the company's control have presented infrastructure challenges. Nevertheless, the company recognizes the potential benefits of integrating and synchronizing the industrial zone with external infrastructure.

Management Challenges: Challenges related to management include the necessity for unanimous agreement among shareholders. Varying visions among diverse shareholders can occasionally impede consensus on significant ESG initiatives and policies.

Financial Hurdles: Financial challenges persist as the company seeks cost-effective funding sources, particularly for green initiatives and projects. Green financing options are scarce and often inaccessible due to the absence of clear and enticing incentives within Vietnamese commercial banks. Although international institutions like the IFC offer more favorable

terms, they are not widely accessible to a broader spectrum of projects.

to industrial activities or mandate substantial separation from residential or accommodation areas, requiring special exemptions. Improving the understanding and awareness of local authorities, along with their support, remains consistently crucial.

Government Support: Some ESG projects necessitate support from local governments, but provincial administrations often lack clear policies for businesses implementing ESG.

Land Allocation and Community Engagement: Determining suitable land allocation for residential areas, socialization, and proximity to neighboring residential communities all necessitate local support and oversight. Environmental monitoring entails the participation of local agencies, while fire safety demands collective approval from local authorities.

4.2.2. Company B

General Introduction: The company was founded in the early years of 2011 and is engaged in the agricultural sector. Its mission is to serve millions of farmers by offering high-nutrient fertilizers tailored to diverse crop types and regions. Leveraging technological advancements in the petrochemical industry, the company has not only achieved operational efficiency but also played a vital role in transitioning the nation's agricultural economy toward sustainability. In 2014, the company held a successful IPO and fully operated as a listed company. Its mission is “As a manufacturer and trader of fertilizers based on the petrochemical industry for agriculture, providing nutritional solutions for plants, contributing to changing agriculture towards sustainable and environmentally friendly development, environment, ensuring harmonious benefits for owners, customers, employees, and businesses”.

The Chairman of the company conveyed, *"At present, our company is actively implementing ESG practices, which encompass Environmental, Social, and Governance aspects. This strategic approach aims to ensure the sustainability of our business operations and elevate the brand reputation of our fertilizer products. This endeavor opens a plethora of opportunities, ranging from financial advantages like expanding investment prospects to long-term economic benefits tied to the continuity of our sustainable business practices, fostering trust, and enhancing our brand's value. Furthermore, our Board of Directors and leadership team are currently deliberating and strategizing the adoption of ESG criteria soon. This includes the standardization of processes, the sharing of objectives, the implementation of methods, and the education of our employees, all in alignment with international standards..."*

Environment performance: The environment is the priority of the company. In 2013, the company achieved official certification for integrated management, which includes ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007, granted by the international certification organization DNV. The company has also implemented environmental monitoring as part of its commitment to assess environmental impacts. Emission levels consistently meet the requirements of current legislation. As for solid waste (household waste, normal industrial waste, hazardous waste), they are all classified, collected, and processed according to the appropriate procedures. The company performs quarterly environmental monitoring reports, which encompass the identification of environmental impact sources. These encompass sources like air pollution, excess heat generation, noise, vibrations, water pollution, solid waste generation, and environmental risk forecasting.

The company's main products are all assessed to ensure compliance with fertilizer management regulations, product branding, and quality standards. In 2022, all environmental criteria were following current standards. The company also implements creative and innovative initiatives, contributing to electricity and water conservation, and the efficient and rational use of energy.

Social performance: In 2022, the workforce comprised 1,042 individuals, each enjoying an average monthly income of 36.53 million Vietnamese dong. The company maintains strict compliance with both legal regulations and internal policies about salaries, bonuses, benefits, and other corporate procedures.

Recognizing the paramount importance of human resources in the company's growth, they place a strong emphasis on cultivating and nurturing a high-caliber workforce with exemplary character, capable of meeting the ever-increasing demands of the market and changing circumstances. To this end, the company has executed comprehensive training programs encompassing specialized skills, professional expertise, managerial proficiency, and corporate culture for all employees. Remarkably, they exceeded the initial target by conducting close to 4,500 training sessions.

The overarching objective remains the harmonization of economic development with the enhancement of welfare and social well-being. Consequently, they engage in philanthropic activities regularly, reciprocating kindness and fostering enduring human values, all while contributing to the sustainability of communities. In 2022, the company allocated more than 40 billion Vietnamese dongs for various social welfare initiatives. These initiatives encompass assisting and

supporting farmers, shouldering the burdens of families facing adversity, endorsing education, and training programs, constructing charity residences, bolstering rural economic infrastructure, and perpetuating the spirit of 'mutual love and

Governance performance: The Board of Directors comprises a total of 7 members, of which 28% are independent directors. It includes two key committees: Management, Human Resources, and Compensation Committee, and the Audit and Risk Management Committee.

In 2022, the company embarked on a journey to strengthen its corporate governance framework, aligning it with industry best practices to bolster competitiveness and market positioning. The Board of Directors plays a pivotal role in overseeing and supervising the CEO and the executive team's activities in production, business operations, and the execution of resolutions stemming from shareholder meetings and the Board of Directors.

The Board of Directors assigns specific areas of responsibility to individual board members and employs specialized committees to closely monitor the activities of the CEO and the executive team within the organization. Additionally, the Board of Directors provides comprehensive guidelines to facilitate the preparation, presentation, discussion, and questioning of information by the executive team during board meetings. During these meetings, the Board of Directors meticulously evaluates the progress of resolution implementation, reviews monthly and quarterly production and business performance, engages in in-depth discussions, and issues resolutions that serve as the cornerstone for the CEO and the executive team's execution.

Furthermore, the Board of Directors committees maintain regular communication with the executive team to stay abreast of areas of interest and concern. This collaborative approach ensures effective oversight and transparent decision-making processes that align with the company's strategic goals.

ESG Reporting: In 2021, the company advocates applying the Guidelines for implementing the sustainable development annual report according to the Guidance of Vietnam Annual Report Awards (ARA) and association of the State Securities Commission, as well as Circular 96/2020/TT-BTC Guidance on information disclosure on the stock market of the Ministry of Finance. In addition, the company also refers to the GRI Standards in identifying key areas affecting stakeholders to have a general and comprehensive view to build the content of ESG in the annual report. However, the company does not produce a standalone ESG report.

From the above two case studies, we analyze and figure out the most important points in ESG performance at the enterprises (Table 2).

Regarding the Environmental aspect, the focus includes strategic commitments, renewable energy, and clean technologies; Green building; green spaces; Waste and pollution management; Emission levels; Water treatment and conservation, electricity conservation, and the efficient and rational use of energy. Regarding the Social aspect, the focus includes Labor practices, comprehensive training programs, Working conditions; Worker health and safety; Community engagement, security, and safety; local authorities; and social welfare initiatives. Regarding the Governance aspect, the focus includes leadership's dedication to ESG; application of international standards; management structure and compensation; disclosures and transparency; and collaborative approach applied in the whole company.

Table 2. Summary of ESG performance at Vietnamese companies case studies

 <p>Environmental</p> <ul style="list-style-type: none"> • Strategic commitment • Focusing on main points, not all the environmental aspects • Renewable energy and clean technologies; • Green building; green spaces • Waste and pollution management; • Emission levels: quarterly report • Water treatment and conservation, electricity conservation, and the efficient and rational use of energy 	 <p>Social</p> <ul style="list-style-type: none"> • Labor practices: salary, comprehensive training programs • Working conditions; • Worker health and safety; • Community engagement, security and safety: local authorities • Social welfare initiatives 	 <p>Governance</p> <ul style="list-style-type: none"> • Leadership's dedication to implementing ESG principles • Application of COSO, ISO, BSC and other international standards. • Management structure and compensation; • Disclosures and transparency; • Collaborative approach
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5. CONCLUSIONS AND RECOMMENDATIONS

The Vietnamese Government has made a strong commitment to sustainable development, reducing 30% of methane emissions that cause the greenhouse effect by 2030, and cutting grid emissions to zero to achieve a sustainable economy Net Zero by 2050. Strong ESG commitments can bring better outcomes for corporations. Therefore, in the coming years, there will be more companies to commit to and implement ESG /sustainability reports according to the requirements of international standards and investors/funds.

The experiences extracted from the above case studies are the leadership's dedication to implementing ESG principles. The commitment and consistency of the top leaders are the key factors in building a successful foundation for ESG performance. Moreover, the companies need to determine and select *how* to communicate relevant information and *what* ESG information and indicators to report. The companies cannot prepare the same ESG report and achieve all ESG indicators. Choosing what ESG indicators should be focused on in the suitable period is very important to step by step successfully apply ESG the enterprises. The strategic commitment of top management plays the most important role in successful ESG performance. The ESG challenges from the above case studies such as how to receive the agreement among shareholders; varying visions among diverse shareholders can occasionally abstract focus on significant ESG initiatives and policies; green financing options are still scarce; governmental regulations and supports are not available at favorable conditions.

Lastly, in the future, the Government would issue more guidelines and supporting policies for ESG strategies at not only the corporate level but also macroeconomic level to promote the rate of ESG performance and reporting in Vietnamese enterprises.

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