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ESG Integration in Vietnam and ASEAN: Current Status, Sectoral Differences and Practical Implications

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Abstract: *This paper examines the current status and integration of Environmental, Social and Governance (ESG) practices in Vietnam, placing the country in a comparative perspective with selected ASEAN peers. Drawing on recent reports and secondary data, the study adopts a descriptive and comparative approach to analyse ESG policy frameworks, firm-level practices and sectoral patterns in Vietnam, as well as developments in Singapore, Thailand, Malaysia, Indonesia and the Philippines. The findings show that Vietnam has rapidly improved its ESG awareness and policy basis, with a Net Zero 2050 commitment, a national green growth strategy and emerging sustainability reporting requirements for listed firms and financial institutions. At the same time, ESG adoption at firm level remains uneven and concentrated in large enterprises and a few leading sectors such as banking, renewable energy and export-oriented manufacturing, while small and medium-sized enterprises lag behind. Compared with ASEAN frontrunners, Vietnam can be characterised as a fast-moving follower that still faces constraints in regulatory depth, reporting quality, green finance market development and ESG data infrastructure. The paper identifies key challenges, including financial and cost barriers, limited ESG expertise, weak data systems and a lack of clear, sector-specific guidance. Based on these results, it proposes practical implications and recommendations for policymakers, financial institutions and enterprises to strengthen ESG implementation in Vietnam and to narrow the gap with advanced ASEAN countries.*

Keywords: Environmental, Social and Governance (ESG); Vietnam; ASEAN; Sustainable finance; Corporate sustainability; Sectoral analysis; Emerging markets.

1. Introduction

In the last decade, Environmental, Social and Governance (ESG) considerations have moved from the margins to the mainstream of business and policy discussions around the world (UN, 2024). Large institutional investors, international financial institutions and global value-chain leaders increasingly use ESG performance as a core criterion in their investment, lending and sourcing decisions (UNDP, 2024). For emerging economies, ESG is therefore closely tied to access to finance, export markets and long-term competitiveness rather than being only a voluntary corporate social responsibility initiative (Le, 2024).

In the ASEAN region, ESG has gained momentum in parallel with national commitments to the Paris Agreement and the Sustainable Development Goals (UN, 2024; World Bank, 2025). Countries such as Singapore, Thailand and Malaysia have introduced sustainability reporting requirements for listed firms, green bond frameworks and guidelines for sustainable finance (World Bank, 2025). Regional initiatives on green taxonomies and sustainable finance have also been launched to provide a common language for categorising green and transition activities (ASEAN Capital Markets Forum & Climate Bonds Initiative, 2020). Against this regional backdrop, Vietnam faces both pressure and opportunity: pressure to keep up with regional peers and the expectations of foreign investors and buyers, and opportunity to position itself as a credible, sustainable manufacturing and investment destination in Southeast Asia (World Bank, 2025).

Vietnam's commitment to achieve Net Zero emissions by 2050, announced at COP26, marks a milestone in its climate and development strategy (World Bank, 2025). Subsequent policy documents, including the National Green Growth Strategy and updated Nationally Determined Contributions (NDC 2.0), together with regulations on greenhouse-gas reporting and reduction, signal a shift towards integrating environmental and climate considerations into economic planning (OECD, 2025; UN, 2024). At the same time, the government has started to develop sustainability reporting requirements for listed companies, banks and large emitters, creating a more formal space for ESG in corporate governance and disclosure (PwC Vietnam, 2025).

However, there is still a clear gap between high-level policy ambitions and implementation at firm level. Surveys and interviews suggest that many Vietnamese companies acknowledge the importance of ESG but struggle to translate this recognition into concrete targets, resource allocation and internal systems (PwC Vietnam, 2025; HR Academy, 2025). ESG reporting is often limited to large listed firms and banks, while the vast majority of small and medium-sized enterprises (SMEs) remain at an early stage (MCG Consulting, 2025; World Bank, 2022). This implementation gap raises the question of how far Vietnam has progressed relative to ASEAN peers, and what specific challenges need to be addressed in order to accelerate ESG adoption.

This paper aims to provide a structured but practice-oriented assessment of ESG integration in Vietnam compared with selected ASEAN countries. It focuses on three main questions: (i) How has Vietnam's ESG policy and institutional framework

evolved compared with ASEAN frontrunners? (ii) How are ESG practices adopted at firm level in Vietnam, and how do they differ across key sectors? (iii) What are the main gaps, challenges and practical implications for policymakers and business leaders? The paper does not attempt to provide a sophisticated econometric model, but rather to synthesise recent data and studies into a coherent narrative that can support decision-making and further research (Le, 2024; World Bank, 2025).

2. Literature review

The academic and policy literature on ESG has grown rapidly in recent years, covering topics such as the relationship between ESG performance and financial returns, the role of ESG in risk management, and the determinants of ESG disclosure in emerging markets (UNDP, 2024; Le, 2024). Several studies focusing on Southeast Asia find that ESG can reduce information asymmetry, lower the cost of capital and improve long-term firm value, particularly for companies with high external financing needs and exposure to environmental or social risks (UN, 2024; World Bank, 2025). This suggests that ESG is not only a compliance issue but can also be a strategic tool for competitive advantage (Le, 2024).

At the regional level, comparative research on ASEAN has emphasised the diversity of ESG development among member states (UN, 2024). Singapore is widely regarded as the most advanced in terms of regulatory frameworks, stock-exchange rules and green finance, while Thailand has made significant progress with mandatory sustainability reporting for listed firms and sectoral guidelines . Malaysia and Indonesia have developed sustainable finance roadmaps and green taxonomies, but the depth and consistency of implementation vary across sectors and firms (OECD, 2025; World Bank, 2025). The Philippines has introduced initial sustainability disclosure requirements, yet comprehensive ESG data remain limited (UN, 2024).

Several empirical studies have constructed ESG scores for listed firms in ASEAN and compared trends over time. These studies generally show that Thailand and Singapore tend to have higher average ESG scores and more stable reporting practices, while Indonesia shows gradual improvement from a lower base and Malaysia has more volatility (Raja Adzrin et al., 2025). However, most of these analyses focus on stock-exchange-listed companies and do not capture the large SME and unlisted-firm segments, which are critical in economies like Vietnam (UN, 2024)

In Vietnam, the ESG literature is still at an early stage but expanding rapidly. Existing publications and consulting reports mainly formulate three key messages. First, ESG awareness among Vietnamese firms and policymakers is rising, supported by international commitments, donor-funded programs and the diffusion of global corporate standards (World Bank, 2025; HR Academy, 2025). Second, green finance is emerging as a niche but growing area, with some banks issuing green or sustainability bonds and developing green credit products (World Bank, 2024; Nguyen & Nguyen, 2025). Third, there is a persistent gap between ESG rhetoric and practice, particularly among SMEs and traditional sectors where compliance with basic environmental and labour standards is still the primary concern (PwC Vietnam, 2025).

Most Vietnamese studies so far are descriptive and focus on single sectors or case studies, such as green banking or specific large corporations (Diep et al., 2025; Vietnam News, 2025). There is relatively limited work that systematically compares Vietnam's ESG progress with that of ASEAN peers, or that provides sector-based analysis within Vietnam using a common analytical framework (UN, 2024; Raja Adzrin et al., 2025). This paper therefore seeks to respond to this gap by offering a structured comparative overview, combining cross-country and cross-sector perspectives.

3. Data and methodology

This research adopts a mixed-methods and largely descriptive–comparative design. It relies primarily on secondary data but interprets these data with a focus on practical implications for Vietnamese stakeholders (World Bank, 2025; UN, 2024). The methodological approach follows four main steps.

First, the study collects and screens secondary data from credible international and domestic sources. International sources include ESG-related databases and reports from the World Bank, UN, OECD (World Bank, 2025; UN, 2024; OECD, 2025). These documents provide information on national policy frameworks, green finance flows, sustainability reporting practices and, in some cases, aggregate ESG scores for listed firms by country and sector (Raja Adzrin et al., 2025). Domestic sources include survey-based reports by PwC Vietnam and local consulting firms, case studies of Vietnamese banks and exporters, and relevant academic publications produced by universities and research institutes (PwC Vietnam, 2025; MCG Consulting, 2025; Diep et al., 2025; HR Academy, 2025).

Second, the paper extracts key indicators from these sources and harmonises them into a concise set of comparative measures. Indicators include: the existence and scope of national ESG or sustainability reporting regulations; the share of firms with ESG strategies or policies; the share of firms issuing ESG or sustainability reports; basic ESG scores where available; and the presence of sector-specific guidelines or taxonomies (UN, 2024; Raja Adzrin et al., 2025). While the underlying methodologies of these sources differ, the paper uses them primarily to illustrate relative positioning and trends rather than to make precise quantitative claims (World Bank, 2025).

Third, the analysis is structured along two dimensions: cross-country and cross-sector. The cross-country dimension compares Vietnam with Singapore, Thailand, Malaysia, Indonesia and the Philippines in terms of policy frameworks, reporting requirements and overall ESG progress (UN, 2024; OECD, 2025). The cross-sector dimension focuses on five key sectors within

Vietnam: finance and banking; energy and industry; export-oriented manufacturing; agriculture and rural development; and digital and service industries (PwC Vietnam, 2025; HR Academy, 2025). For each sector, the study discusses the main drivers of ESG adoption, the typical challenges and the presence of notable ESG-active firms, based on available evidence from surveys and case materials (Diep et al, 2025; Vietnam Business Forum, 2024).

Fourth, the paper complements these comparative insights with illustrative case examples rather than full case studies, given space constraints. These examples highlight how certain Vietnamese institutions, especially in the banking sector, have adopted green or sustainable financial instruments and used ESG frameworks in their operations (World Bank, 2024; Nguyen & Nguyen, 2025). By integrating these examples into the broader comparative narrative, the paper aims to provide a more grounded and practice-oriented understanding of ESG implementation (Vietnam News, 2025).

Overall, the methodology is exploratory and synthetic. It does not claim to provide a definitive ranking of countries or sectors, but rather to organise existing evidence in a way that is useful for policymakers, practitioners and researchers interested in ESG in Vietnam and ASEAN (UN, 2024; World Bank, 2025).

4. ESG in Vietnam: current status and sectoral patterns

4.1. Policy and regulatory developments in Vietnam

Vietnam's policy response to global sustainability and climate agendas has accelerated since the early 2020s (World Bank, 2025). The government's Net Zero 2050 commitment provides a long-term anchor for climate policy and is complemented by various sectoral and cross-cutting strategies (OECD, 2025; UN, 202). Key elements of the emerging ESG policy framework include:

- A national green growth strategy that sets out goals for reducing greenhouse-gas emissions intensity, improving resource efficiency and promoting green industries (World Bank, 2025).
- Regulations on greenhouse-gas inventory and emissions reduction, particularly for large industrial emitters and key sectors such as energy and transport (OECD, 2025).
- A gradual development of sustainability reporting requirements for listed firms and financial institutions, with draft guidelines referencing international standards and encouraging climate-related and social disclosures (PwC Vietnam, 2025).

These developments suggest that Vietnam is moving from a voluntary CSR model towards more formalised ESG expectations (UN, 2024). However, the regulatory framework is still evolving and, in many cases, detailed implementing guidelines are under preparation (World Bank, 2025). Enforcement mechanisms, such as supervisory practices or sanctions for non-compliance, are also in a formative stage, (World Bank, 2025; UN, 2024)

4.2. Firm-level ESG adoption in Vietnam

At the firm level, survey data indicate that a large proportion of companies now view ESG as relevant to their strategy, reputation or access to finance (PwC Vietnam, 2025; HR Academy, 2025). Many boards have started to discuss ESG, and some firms have created dedicated sustainability or ESG units, especially in large listed companies and banks (Nguyen & Nguyen, 2025). Common ESG themes in corporate discourse include energy and resource efficiency, waste management, workplace safety, community engagement and corporate governance improvements (World Bank, 2025).

Despite this growing awareness, implementation varies widely. A small group of leading firms, mainly in the financial sector, energy, real estate and export-oriented manufacturing, have developed relatively comprehensive ESG frameworks and reporting practices (PwC Vietnam, 2025). They align their disclosures with recognised standards and sometimes seek external assurance or ESG ratings (UN, 2024). A much larger group of firms has partial or fragmented ESG practices, such as isolated environmental initiatives or philanthropy, without a coherent strategy or measurement system. For many SMEs, ESG remains a new concept, and they mainly focus on meeting immediate regulatory requirements rather than proactive sustainability strategies (World Bank, 2022; UN, 2024).

4.3. Sectoral differences within Vietnam

Finance and banking

Banks occupy a central role in Vietnam's ESG landscape because they allocate capital and can influence the behaviour of borrowers (World Bank, 2024; SBFN, 2021). Several large commercial banks have begun to integrate ESG considerations into their credit policies, risk management and product design (PwC Vietnam, 2025; Diep et al., 2025). Some have issued green or sustainability bonds, used frameworks aligned with international principles, and participated in donor-supported projects on sustainable finance (World Bank, 2024). These banks often publish annual sustainability reports, which include data on green loan portfolios and environmental and social risk management (BIDV, 2024).

Energy and industry

Vietnam's rapid economic growth has been accompanied by rising energy demand and environmental pressures (OECD, 2025). Renewable energy, particularly solar and wind, has expanded quickly, and the sector has attracted substantial domestic and foreign investment (World Bank, 2025). Many renewable energy developers and some industrial firms have adopted environmental

management systems and report on their environmental performance (UN, 2024). However, traditional fossil-fuel-based energy and heavy industry still face complex transition challenges, including the need for significant capital investment and technology upgrades to meet stricter environmental standards (OECD, 2025; World Bank, 2025).

Export-oriented manufacturing

Manufacturers in textiles, garments, footwear, furniture and seafood are exposed to strong ESG-related requirements from global buyers and retailers (UN, 2024; Vietnam Business Forum, 2024). These include environmental standards (such as pollution control and chemical use), labour and human-rights standards, and expectations for supply-chain transparency (UN, 2024). Many Vietnamese exporters have adopted codes of conduct, improved working conditions and invested in cleaner production technologies to maintain their export markets (Vietnam Law and Legal Forum, 2025). At the same time, fully integrating ESG into supply-chain governance and reporting remains work in progress, especially for firms that rely on complex networks of subcontractors (UN, 2024; PwC Vietnam, 2025).

Agriculture and rural development

In agriculture, ESG-related practices centre on sustainable land and water management, reduction of chemical inputs, animal welfare and resilience to climate change (WWF, 2021; World Bank, 2025). Initial progress can be observed in organic farming, high-tech agriculture and projects supported by green finance or development partners (Vietnam News, 2025). Cooperative models and contract farming schemes sometimes include sustainability criteria and traceability (WWF, 2021). Nevertheless, the overall adoption of ESG in agriculture remains limited by small farm sizes, fragmented supply chains and limited access to finance and technical assistance (UN, 2024; Vietnam News, 2025).

Digital and service sectors

The digital economy and service sectors, including information technology, telecommunications, e-commerce and professional services, are increasingly aware of ESG, particularly in governance, data privacy, human capital and social impact (HR Academy, 2025; UNDP, 2024). These firms often have relatively lower direct environmental footprints but can influence consumer behaviour and business processes through digital solutions (VietnamPlus, 2025). For them, ESG issues such as ethical AI, data protection, diversity and inclusion are gaining prominence, while environmental metrics are usually less detailed than in resource-intensive sectors (PwC Vietnam, 2025).

4.4. Main challenges in Vietnam's ESG implementation

Across sectors, several recurring challenges emerge. First, many firms perceive ESG as an additional cost rather than an investment with potential long-term benefits, especially in a context of tight margins and macroeconomic uncertainty (PwC Vietnam, 2025; HR Academy, 2025). Second, technical expertise on ESG – including understanding of international standards, data collection and reporting – is still scarce (Diep et al., 2025; UN, 2024). Third, there is no fully integrated national ESG data infrastructure yet, making it difficult to benchmark and track progress (UN, 2024; World Bank, 2025). Finally, guidance targeted at SMEs and sector-specific best-practice examples remain limited, which hinders broader diffusion of ESG beyond a small group of pioneers (World Bank, 2022).

5. ESG in ASEAN and Vietnam's relative position

5.1. Overview of ESG developments in ASEAN

ASEAN is not a homogeneous region in terms of ESG integration. Member states differ significantly in their levels of economic development, institutional capacity and financial-market maturity, which directly affect their ESG frameworks and practices (UN, 2024; World Bank, 2025). Nevertheless, three common trends can be observed across the region. First, most ASEAN countries have adopted high-level commitments related to the Paris Agreement and sustainable development, and have translated these into national climate and green-growth strategies (UN, 2024). Second, stock exchanges and financial regulators are increasingly active in promoting sustainability disclosure, especially for listed firms and financial institutions (ACCA, 2024). Third, regional initiatives on sustainable finance, such as common green bond standards and work on regional taxonomies, are gradually emerging (WWF, 2021); OECD, 2025).

Despite these positive developments, the pace and depth of change differ across countries. Singapore and Thailand are often cited as frontrunners due to their earlier adoption of mandatory sustainability reporting and the relatively advanced status of their green finance markets (Raja Adzrin et al., 2025). Malaysia and Indonesia have built regulatory roadmaps and taxonomies but face challenges in ensuring consistent implementation (OECD, 2025; World Bank, 2025). The Philippines and some other ASEAN members are at earlier stages of formalising ESG frameworks and collecting ESG data, with capacity building still a major priority (UN, 2024). Within this regional context, Vietnam is positioned somewhere in the middle – more advanced than some peers, but still behind the leaders in several key aspects (World Bank, 2025).

5.2. Singapore: advanced ESG framework and green finance hub

Singapore is widely recognised as the most advanced ESG jurisdiction in ASEAN. The Singapore Exchange (SGX) requires all listed companies to issue sustainability reports, and regulators encourage the use of recognised international standards,

with increasing emphasis on climate-related disclosure and alignment with frameworks such as TCFD and the ISSB. Singapore has also developed a vibrant green bond and sustainable finance market, with both public and private issuers actively using these instruments to fund green infrastructure and low-carbon projects (World Bank, 2025; UN, 2024).

For Vietnam, the Singaporean experience illustrates how clear regulatory expectations, coupled with sophisticated financial markets and strong institutional capacity, can create powerful incentives for firms to adopt ESG practices (UN, 2024). However, it also highlights the gap in terms of market depth and regulatory maturity that Vietnam needs to bridge before it can fully emulate Singapore's model (World Bank, 2025).

5.3. Thailand: strong emphasis on sustainability reporting

Thailand has made rapid progress in ESG, especially in the area of sustainability reporting for listed companies. The Thai Securities and Exchange Commission (SEC) requires listed firms to provide ESG information, and the Stock Exchange of Thailand has actively promoted sustainability indices and ESG ratings (Raja Adzrin et al., 2025). Many Thai companies, particularly in energy, industrials and consumer sectors, regularly publish detailed sustainability reports and engage with ESG rating agencies. As a result, empirical studies often find relatively high and stable ESG scores for Thai listed firms compared with other ASEAN peers (Raja Adzrin et al., 2025).

The Thai case shows that a middle-income country with a strong domestic capital market can significantly increase corporate ESG transparency through mandatory reporting requirements and consistent regulatory guidance. For Vietnam, Thailand provides a more comparable benchmark than Singapore in terms of economic structure and institutional context, and its trajectory demonstrates the potential impact of stock-exchange-led ESG initiatives (World Bank, 2025).

5.4. Malaysia and Indonesia: mixed but improving patterns

Malaysia and Indonesia have also taken steps to promote ESG, focusing on sustainable finance frameworks, green taxonomies and guidance documents (OECD, 2025; UN, 2024). In Malaysia, the central bank and capital-market regulators have issued policies on climate-related risks and sustainable finance, and the stock exchange provides sustainability reporting guidelines. However, the depth and consistency of ESG adoption vary widely across sectors and firms, and some empirical analyses suggest that overall ESG scores have not improved as steadily as in Thailand or Singapore (Raja Adzrin et al., 2025).

Indonesia, on the other hand, has introduced a sustainable finance roadmap and a green taxonomy, and regulators require a subset of financial institutions and companies to report on sustainability (World Bank, 2025; UN, 2024). ESG practices are gaining momentum in sectors such as energy and finance, but challenges remain in extending these practices across a broad corporate base (Raja Adzrin et al., 2025). For Vietnam, experiences from Malaysia and Indonesia offer useful lessons on the design of sustainable finance roadmaps, but also caution that strong policies on paper do not automatically translate into consistent firm-level behaviour (OECD, 2025).

5.5. The Philippines and other ASEAN members

The Philippines has started to formalise sustainability reporting requirements, particularly for listed companies and financial institutions (UN, 2024). Climate-related risks and social issues are gaining attention, but comprehensive ESG data are still limited, and capacity building remains a priority (World Bank, 2025). Other ASEAN members, such as Cambodia, Laos and Myanmar, are at even earlier stages in ESG development, reflecting their economic and institutional constraints (UN, 2024).

5.6. Vietnam's relative position in ASEAN

When placed in this regional landscape, Vietnam can be characterised as a "fast-moving follower". On the positive side, it has made important commitments to Net Zero and green growth, and it is actively developing sustainability reporting rules (World Bank, 2025; UN, 2024). Business awareness is rising, and there are clear signs of ESG integration among large firms in key sectors (PwC Vietnam, 2025; HR Academy, 2025). However, compared with ASEAN leaders, Vietnam still lags in several dimensions:

Regulatory depth and enforcement: ESG-related regulations exist but are often high-level, with detailed implementation guidelines and enforcement mechanisms still under development (OECD, 2025).

Reporting quality and coverage: Only a limited number of firms, primarily large listed companies and banks, produce sustainability reports that reach international standards (PwC Vietnam, 2025).

Market infrastructure: Green bond and sustainable finance markets are emerging but not yet deep or liquid enough to strongly influence corporate behaviour (World Bank, 2024, 2025).

Data and transparency: National-level ESG data remain fragmented, making it difficult to benchmark progress consistently across sectors and firm types (UN, 2024).

In summary, Vietnam has a solid foundation and a clear sense of direction, but significant efforts are needed to close the gap with Singapore and Thailand in terms of ESG maturity, while avoiding the pitfalls of inconsistent implementation observed in some other ASEAN peers (World Bank, 2025; Raja Adzrin et al., 2025).

6. Key challenges for ESG implementation in Vietnam

- *Financial and cost constraints*

One of the most frequently cited barriers to ESG adoption in Vietnam is financial (PwC Vietnam, 2025; HR Academy, 2025). Many companies, especially SMEs, perceive ESG initiatives such as cleaner technologies, environmental upgrades, improved labour conditions and reporting systems as cost-intensive and difficult to prioritise in the short term. They often operate with thin profit margins and have limited access to long-term, low-cost finance, which leads ESG investments to be postponed in favour of immediate survival or expansion priorities (Vietnam News, 2025). This problem is exacerbated by the limited availability of domestic green finance instruments that are easily accessible to smaller firms (World Bank, 2022; World Bank, 2025).

- *Limited ESG knowledge and human resources*

A second major constraint is the shortage of ESG-related expertise (HR Academy, 2025). ESG is an interdisciplinary concept that requires understanding of environmental science, social issues, corporate governance, risk management and international reporting standards (UNDP, 2024). In Vietnam, only a small number of professionals have been trained comprehensively in these areas, and many firms must rely on external consultants for ESG projects, which further increases costs and can lead to fragmented or one-off initiatives rather than sustained internal capability (Diep et al., 2025; MCG Consulting, 2025). Within banks and regulators, dedicated ESG units are still relatively new and often under-resourced, limiting their ability to provide detailed guidance and supervision (State Bank of Vietnam, 2025).

- *Data availability and digital infrastructure*

Reliable data are fundamental to ESG measurement and reporting, yet many Vietnamese firms lack robust data systems for tracking energy use, emissions, waste, occupational safety incidents or social indicators (World Bank, 2025; UN, 2024). Data are often collected manually, if at all, and stored in non-standardised formats, so preparing ESG or sustainability reports becomes a resource-intensive exercise and the quality of disclosures varies widely (PwC Vietnam, 2025). At the national level, there is not yet a fully integrated ESG data platform that aggregates information across sectors and supports benchmarking and policy analysis (UN, 2024). This data gap makes it difficult both for regulators to monitor progress and for investors to assess ESG performance consistently (OECD, 2025).

- *Policy clarity, guidance and sector specificity*

While Vietnam has increasingly ambitious high-level ESG and climate commitments, many companies still find the policy environment unclear at operational level (World Bank, 2025). Questions frequently arise about which ESG or sustainability indicators to report, which standards to follow and how quickly firms are expected to comply, especially as international frameworks evolve. Sector-specific guidance is particularly important because ESG issues in finance, energy, manufacturing and agriculture differ significantly (OECD, 2025). The absence of clear, practical guidelines tailored to each sector and firm size can lead to confusion, inconsistent practices and "box-ticking" approaches rather than genuine integration (PwC Vietnam, 2025; HR Academy, 2025).

- *Uneven ESG adoption across firm sizes and ownership types*

ESG adoption in Vietnam is highly uneven. Large listed firms, state-owned enterprises and foreign-invested companies tend to be more advanced, driven by regulatory obligations, shareholder expectations and exposure to international markets (World Bank, 2025). In contrast, domestic privately owned SMEs often lag behind due to resource constraints and lower external pressure (UN, 2024). This dual structure creates the risk of a two-tier ESG system, where a small group of visible firms comply with high standards while the majority operate with minimal ESG integration (PwC Vietnam, 2025). From a policy perspective, this pattern is problematic because aggregate environmental and social outcomes are heavily influenced by the broader base of smaller firms rather than a handful of leaders (OECD, 2025).

- *Potential risks of superficial ESG practices*

Finally, there is the risk that ESG becomes a superficial branding exercise rather than a substantive change in business practices (UN, 2024). If firms focus primarily on producing glossy reports or marketing campaigns without meaningful changes in resource use, supply-chain management or governance, the credibility of ESG initiatives may be undermined (UN, 2024). This risk is not unique to Vietnam but is particularly salient in a context where ESG is relatively new and regulatory oversight is still evolving (World Bank, 2025). Ensuring that ESG leads to real improvements in performance, rather than mere reputational gains, is therefore a critical challenge for both policymakers and the business community (PwC Vietnam, 2025; HR Academy, 2025).

7. Practical implications and recommendations

ESG trends in Vietnam and ASEAN carry several practical implications for policymakers, financial institutions and enterprises. While the country has laid important policy foundations, the main challenge now is to translate high-level commitments and growing awareness into concrete, scalable actions (World Bank, 2025; PwC Vietnam, 2025).

7.1. Implications for government and regulators

For the government and regulatory agencies, the comparative analysis highlights the need to move from fragmented ESG-related regulations towards a more coherent and enforceable framework. Experiences from Singapore and Thailand show that

clear and phased-in legal requirements, combined with robust supervisory practices, can significantly improve transparency and drive corporate behaviour (Raja Adzrin et al., 2025). In Vietnam, this implies several priorities.

First, ESG-related regulations should be consolidated into a more integrated framework that provides clarity on responsibilities, timelines and reporting expectations for different types of entities (OECD, 2025). Rather than issuing isolated circulars or guidelines, regulators could develop a national ESG roadmap that links climate, environmental, social and governance objectives with specific obligations for listed firms, financial institutions and large emitters (World Bank, 2025). This roadmap should also indicate when and how SMEs may gradually be brought into the scope of formal ESG reporting, using simplified requirements.

Second, sector-specific guidance and taxonomies are needed to help firms interpret ESG expectations in a practical way. International experience suggests that green taxonomies and sector guidelines can reduce uncertainty and align public and private investment decisions (OECD, 2025). For Vietnam, a national taxonomy aligned with emerging ASEAN frameworks and international standards could guide banks in classifying green and sustainable loans, while sectoral guidance could clarify the most material ESG issues and indicators in finance, energy, manufacturing, agriculture and digital services (UN, 2024).

Third, regulators should pay attention to data and transparency as a strategic asset. Establishing a national ESG data platform that aggregates baseline information, standardised indicators and reported data from companies would support both supervision and market discipline (World Bank, 2025). Such a platform could start with pilot sectors, for example banking and energy, and later expand to other industries. Over time, this would make it easier for investors, rating agencies and the public to assess ESG performance and identify leaders and laggards.

7.2. Implications for financial institutions

Financial institutions, particularly commercial banks, play a critical role in scaling up ESG by steering capital towards greener and more socially responsible activities. The experience of leading Vietnamese and ASEAN banks demonstrates that integrating ESG into credit and investment processes can reduce long-term risk and open new business opportunities (Diep et al., 2025).

In practical terms, Vietnamese banks can gradually embed ESG criteria into credit risk assessment, loan pricing and portfolio management. This may include requiring basic environmental and social information from borrowers in sensitive sectors, incorporating ESG factors into internal rating models and setting targets for the share of green or sustainable assets in their portfolios (World Bank, 2024; PwC Vietnam, 2025). Over time, banks could introduce differentiated pricing or covenants that reward better ESG performance, thereby sending stronger signals to the real economy.

Banks also have a role in building client capacity. Survey evidence suggests that many SMEs lack the knowledge and tools to implement ESG, even when they recognise its importance (HR Academy, 2025). Financial institutions can address this by developing advisory services, training programmes and simple toolkits that help customers understand ESG requirements, conduct basic self-assessments and prepare simple action plans. By supporting their clients' ESG journeys, banks not only enhance credit risk management but also strengthen long-term client relationships, (PwC Vietnam, 2025; HR Academy, 2025).

7.3. Implications for enterprises

For enterprises, both large and small, ESG should be viewed not just as an external requirement but as an internal management framework that can improve operational efficiency, resilience and stakeholder trust (Le, 2024; UN, 2024). The comparative evidence suggests that firms that proactively engage with ESG are better positioned to access capital markets, retain customers and employees, and integrate into global value chains (UN, 2024).

First, companies can start by identifying a limited set of material ESG issues that are most relevant to their sector and business model. For a manufacturer, this might be energy and water use, waste and labour conditions; for a bank, it could be responsible lending, governance, and data security; for an IT firm, human capital and privacy might be more critical (PwC Vietnam, 2025). Focusing on a manageable number of priorities can help firms avoid being overwhelmed and channel resources effectively.

Second, enterprises should build basic internal systems for data collection and monitoring, even if initial steps are simple. Establishing procedures to record energy use, emissions, accidents, training hours or community investments on a regular basis can provide a foundation for future reporting and improvement (World Bank, 2025). Over time, firms can refine their indicators and move closer to recognised standards such as GRI or TCFD, depending on their size and ambitions.

Third, firms should consider ESG as part of business strategy, not just compliance. This may involve reviewing product portfolios, supply-chain relationships and investment plans through an ESG lens to identify risks and opportunities. For example, manufacturers that invest in cleaner production may reduce energy costs and waste, improve product quality and strengthen their brand with overseas buyers (Vietnam Business Forum, 2024; Vietnam new, 2025). Similarly, agricultural enterprises that adopt sustainable practices may access premium markets and green finance.

7.4. Capacity-building and collaborative platforms

Across all stakeholder groups, capacity-building and collaboration are cross-cutting needs. Government agencies, financial institutions and enterprises alike require updated knowledge on evolving ESG standards, best practices and technological solutions (UN, 2024). Collaborative platforms—such as ESG forums, sector working groups and public–private partnerships—can accelerate learning and avoid duplication of efforts (World Bank, 2025; HR Academy, 2025).

Vietnam can leverage existing initiatives, including national ESG forums, industry associations and international programmes, to disseminate guidance, share case examples and foster peer learning. Such platforms can also support the development of locally relevant tools, checklists and training materials tailored to Vietnamese SMEs and specific sectors (UN, 2024). Over time, this ecosystem approach can help move ESG from a niche discussion to a mainstream practice in the business community.

8. Conclusion

This paper has examined ESG integration in Vietnam within the broader ASEAN context, drawing on recent policy developments, survey evidence and comparative studies. The analysis shows that Vietnam has made notable progress in laying the foundations for ESG, including a clear Net Zero 2050 commitment, a national green growth strategy and emerging sustainability reporting requirements for listed firms and financial institutions (World Bank, 2025; OECD, 2025). At the same time, ESG awareness has grown significantly among large enterprises, especially in the financial sector and export-oriented industries (PwC Vietnam, 2025; HR Academy, 2025).

However, the study also highlights a persistent implementation gap between high-level ambitions and firm-level practices. While a small group of leading firms has begun to adopt comprehensive ESG frameworks and reporting standards, many others—particularly SMEs—remain at an early stage, focusing mainly on compliance with basic regulations (PwC Vietnam, 2025, World Bank, 2025). Sectoral analysis reveals uneven progress: finance and banking, renewable energy and some export sectors are relatively advanced, whereas agriculture, traditional industry and smaller domestic service firms lag behind (UN, 2024; Vietnam Business Forum, 2024).

In comparison with ASEAN frontrunners, Vietnam can be described as a fast-moving follower. It has advanced more quickly than some peers in articulating national climate and green-growth ambitions, yet it is still behind Singapore and Thailand in terms of regulatory depth, reporting coverage, green finance market development and ESG data infrastructure (Raja Adzrin et al., 2025). This position reflects both the opportunities and constraints faced by a rapidly growing emerging economy.

The discussion of challenges underscores that financial constraints, limited ESG expertise, data gaps, and the lack of clear, sector-specific guidance are key obstacles to broader ESG adoption in Vietnam (PwC Vietnam, 2025; UNDP, 2024). Without targeted efforts to address these bottlenecks, there is a risk that ESG remains confined to a small group of large firms and becomes more of a branding exercise than a driver of substantive change (UN, 2024).

Against this backdrop, the paper proposes a set of practical implications and recommendations. For policymakers, priorities include consolidating ESG regulations into a coherent framework, developing national taxonomies and sector guidelines, and investing in ESG data infrastructure (OECD, 2025; World Bank, 2025). For financial institutions, integrating ESG into risk and product design and supporting client capacity-building are essential steps (Diep et al., 2025). For enterprises, especially SMEs, starting with a focused set of material issues, building basic data systems and gradually aligning with international standards can provide a realistic pathway towards meaningful ESG integration (Le, 2024; PwC Vietnam, 2025).

Ultimately, ESG should be seen not only as a response to external pressure but as part of Vietnam's strategy for resilient and inclusive development. If Vietnam can harness ESG to improve resource efficiency, strengthen governance, protect workers and communities and attract sustainable investment, it will be better positioned to achieve its long-term goals of high-income status and Net Zero emissions (World Bank, 2025; UN, 2024). Delivering on this potential will require sustained collaboration between government, financial institutions, enterprises and international partners in the coming decade.

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