



Vietnam Prosperity Joint stock Commercial Bank (VPBank)

SUSTAINABLE FINANCE FRAMEWORK 2024

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1 / INTRODUCTION

1.1 About us

Founded in 1993, Vietnam Prosperity Joint Stock Commercial Bank ("VPBank") is one of the oldest and largest financial institutions in Vietnam. As of 31 December 2023, VPBank ranked 1st in terms of charter capital, 2nd in terms of owner equity in the industry and ranked 3rd among private joint stock commercial banks in terms of total assets. With a vast branch network of 1 Head Office, 76 Branches, 187 Transaction Offices and 5 corporate banking centers, VPBank offers a wide range of banking products and services to more than 30 million active individual and corporate customers.

In past years, the achievements of VPBank's first two development phases (2012-2017 and 2018-2022) have created a solid foundation and comprehensive momentum for VPBank to confidently uphold its success in the new development phase, thereby continuing to promote the **sustainable development and prosperity** of the country and the community. Nowadays, VPBank has been moving towards to the 3rd five-year (2022-2026) development strategy goal to become a bank with a solid position in the top 3 leading banks in Vietnam and one of the top 100 largest banks in Asia.

In the 5-year development strategy (2022-2026), VPBank is steadfast in its strategy of becoming the leading green and sustainable bank in Vietnam. The companionship of strategic shareholder SMBC, with strong financial potential and many years of experience operating in the financial sector, is expected to give VPBank wings on its journey to realizing its Sustainable Development goals. With its growing reputation in the international arena, VPBank is constantly looking for opportunities to cooperate in providing outstanding financial products and services to support businesses in developing towards a green economy, circular economy and reduce carbon footprint, as well as support improved financial access for disadvantaged customer groups according to the principles of social finance.

VPBank focus its growth drivers on four main business pillars: Consumer Credit, Retail Banking, Household Banking, and Micro, Small and Medium Enterprises (MSMEs). Combined with the above featured businesses and to demonstrate the **responsibility in Sustainability**, VPBank has issued Green Loan Framework in 2020 and Social Finance Framework in 2022, which lay down the guidelines on how the proceeds of the green and social will be utilized to finance for relevant projects.

NAME	
In Vietnamese	Ngân hàng Thương mại Cổ phần Việt Nam Thịnh Vượng
In English	Vietnam Prosperity Joint-stock Commercial Bank
Stock symbol	VPB
Business Registration Certificate No.	0100233583
First registration	08/06/1993
45 th amendment	27/11/2023

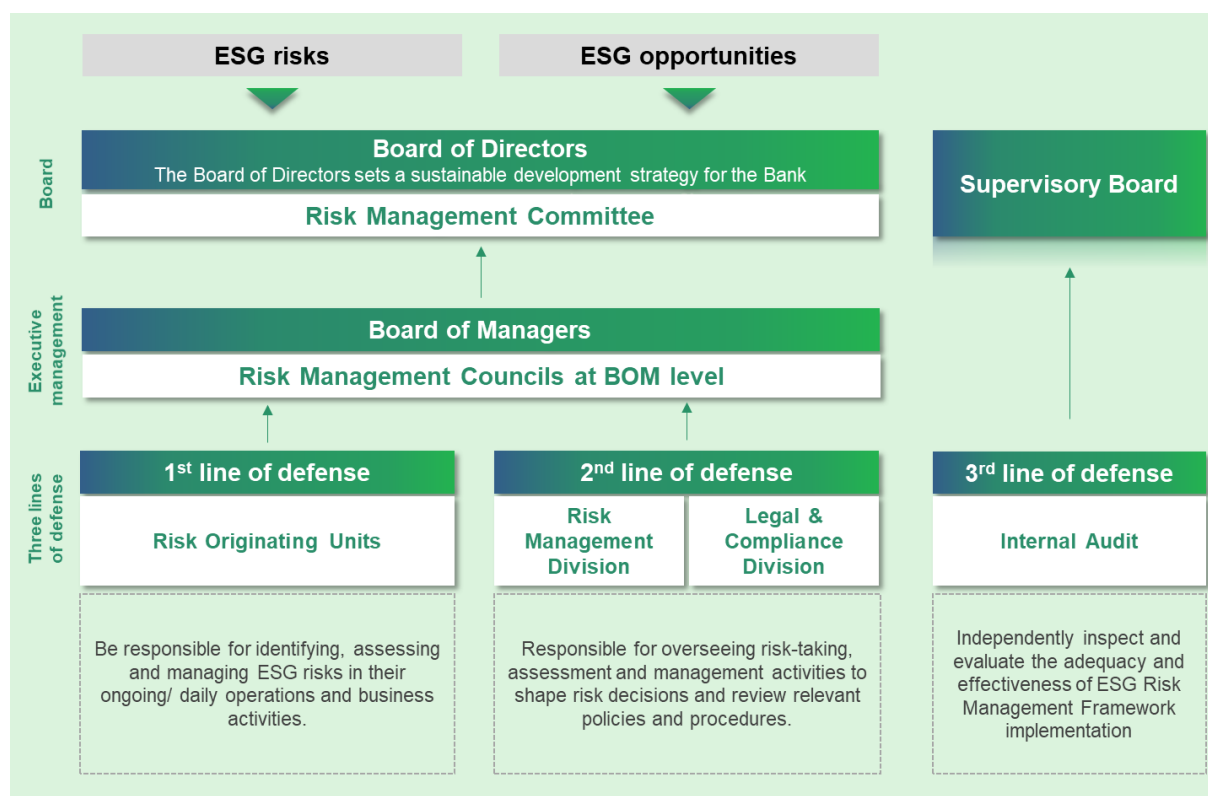
CHARTER CAPITAL		VND 79,339,236 million	
Head Office		VPBank Tower, 89 Lang Ha street, Lang Ha ward, Dong Da district, Hanoi	
Phone number		(84) (24) 39288869	
Fax		(84) (24) 39288867	
Website		www.vpbank.com.vn	
Banking services: VPBank’s principal activities include:			
1	Providing banking services, including mobilizing and receiving short-, medium- and long-term deposits from organizations and individuals; making short-, medium- and long-term loans and advances to organizations and individuals	4	Providing settlement payment and e-wallet services
2	Conducting foreign exchange transactions; providing international trade finance services; discounting of commercial papers, bonds and other valuable papers	5	Providing asset management services
3	Investing in securities and bonds; investing in Government bond futures contracts;	6	Extending credit in the form of rediscounting negotiable instruments and other valuable papers and other banking services permitted by the State Bank of Vietnam

1.2 Our Commitment to Sustainability

Sustainability Governance Structure

Oversight and management of Sustainability such as Environmental, Social and Governance (ESG) matters are embedded within VPBank's Sustainability governance structure. The Board has set the bank's strategy and oversees executive management in developing the approach, execution and associated reporting. This governance structure will apply to ensure an efficient and comprehensive Sustainability management process across VPBank.

VPBank regularly reviews our governance structure in relation to sustainability and Environmental, Social and Governance (ESG) matters to achieve long-term sustainable growth.



Sustainable Development Strategy

Underpinned by robust sustainability governance structure, VPBank is also determined to carve out its sustainability strategy which encompasses six pillars which align with sustainable development aspects. Please refer to the chart below for details on its approach.

Vision

Become a bank with a solid position among the top three largest banks in Vietnam and the size among the top 100 largest banks in Asia, jointly promoting the sustainable development and prosperity of the country and the community.

VPBank is transforming strongly on the path to becoming the leading green bank in Vietnam, comprehensively contributing to economic - social - environmental goals and creating a future of sustainable development.

Mission

Pioneer innovation, improve the quality of outstanding financial services for customers and partners, and develop effectively to bring sustainable prosperity values to shareholders, the community and society.

Creating "More Value - Less Negative Impact" through responsible lending principles that ensure fair and equitable financing for sustainable development activities

Maximize long-term benefits and added value for all stakeholders;

Create the best conditions for employees to fully unleash and develop their potential and strengths.

Action



1.3 Sustainable Financing Activities of VPBank

VPBank emphasizes the importance of sustainable growth, especially in the context of requirements to respond to environmental and climatic conditions and ensure equality of financial access opportunities among customer groups increasing. VPBank always strives to enhance comprehensive and effective financial support, adhering to other responsible investment principles by ensuring environmental and social sustainability in credit granting activities. Specifically, VPBank provides comprehensive solution packages that bring financial and non-financial value to many SME businesses, including WSMEs.

In addition, VPBank focuses on financing customers in the field of renewable energy and production and business activities with low carbon emissions and adaptation to climate change, thereby contributing to economic green-growth transformation, environmental protection, preventing climate change, and improving the efficiency of resource and energy use.

Green Financing

Recent and intensifying natural disasters underscore the reality of climate change. As one of the most vulnerable countries, Vietnam's average GDP annual loss is estimated to reach around 12-14.5% owing to climate change impacts if without proper adaptation and mitigation measures. Therefore, the climate change and other sustainability initiatives are positioned as critical matters in our development strategy, and the Bank commits to shape finance as a force for good to accompany our customers in their transition journeys to a low-carbon economy.

Viet Nam was one of the countries that committed to "Net Zero" emissions achievement by 2050 at the United Nations Climate Change Summit (COP26) and reaffirmed this commitment at COP27 and COP28. One of the challenges for Vietnam is to meet financial needs to realize the roadmap towards the Net-zero goal by 2050. To achieve this goal, Vietnam will need to mobilize about 380 billion USD or equivalent to 6.8% of annual GDP until 2040. Therefore, Vietnam urgently needs support from international resources to promote the green transition process.

Green finance is now widely recognized in financial markets as a key tool to address the climate change challenges facing the planet. With the orientation to participate in a sustainable global economy according to the established ESG Strategy, VPBank focuses on increasing the scale of financial investment in green fields, to support efforts to reduce its carbon footprint, bringing long-term benefits to the environment and climate.

Since implementing the Green Credit Program in 2020, outstanding Green Credit loans at VPBank have continued to grow strongly in scale and diversity in green fields and funded customer segments. In 2023, outstanding green credit debt increased by 70% compared to 2022, reaching an outstanding debt of VND 14,774 billion. The number of customers supported with green capital is 602 customers in all business segments of VPBank, an increase of 41% over the same period last year. VPBank's green finance portfolio focuses on areas that mitigate climate change & climate adaptation, thus contribute to environmental goals according to the principles proposed by the International Capital Markets Association (ICMA), thereby in turn contributing to the 8 Sustainable Development Goals (SDGs) of the United Nations.

Social Financing

Social financing has, in recent years, become an essential component of Vietnam's strategy to develop its financial system as the country hopes to increase accessibility to basic financial services, particularly for the low-income and more vulnerable groups, and in doing so, help create job opportunities, promote investment and savings flows and ultimately promote economic growth.

Vietnam established the "National Comprehensive Financial Strategy until 2025 with orientation to 2030" under Decision No. 149/QĐ-TTg dated January 22, 2020. The national inclusion strategy defines the context of social financing, in which, all people and businesses should have access to basic financial products and services in a convenient and affordable way. Social financing must be provided in a reasonable, responsible, and sustainable manner, focusing on the poor, low-income and vulnerable groups, small and medium enterprises and micro enterprises. The strategy aims to universalize basic financial products and services provided by licensed organizations, including payment, money transfer, savings, credit and insurance.

In Vietnam, social financing has become one of the financial tools to achieve socio-economic development goals, and is targeted at those who have difficulty accessing financial services due to various reasons.

Following the direction of the Vietnamese Government's sustainable development strategy, VPBank is committed to supporting local communities by providing easily accessible financial services to retail customers, women-led enterprises ("WE"), household businesses, or MSMEs. The bank accords MSMEs and women-led enterprises strategic priority, and it has launched several financial solutions and advanced digital services to simplify the credit application and screening process for MSMEs and women entrepreneurs across the country. In addition, we will also aim to support local communities to access social housing, support to improve the quality of community health care, improve transportation and communication infrastructure, supply clean water and improve sanitation in underdeveloped areas, support to the accessibility of children and disabled people to comprehensive education.

2 / SUSTAINABLE FINANCE FRAMEWORK

2.1 Overview

Sustainable Finance Framework Content

To further align with the international capital market best practice and support relevant global agreements, such as the UN Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. VPBank has developed a Sustainable Finance Framework ("Framework"): the net proceeds of each VPBank's sustainable financing instrument will be used to finance or refinance in whole or in part, new or existing eligible projects or assets that contribute to clear sustainability impacts as outlined in Table 2.2.1 Eligibility Criteria below. Within the framework, sustainable financing includes:

- I. Green Bond/Loan – funds allocated to green projects;
- II. Social Bond/Loan – funds allocated to social projects and;
- III. Sustainability Bond/Loan – funds allocated to a combination of green and social projects.
- IV. Other Sustainable Financial Instruments – include but not limit to Green/Social/Sustainability Deposit whereby proceeds are used for sustainable development projects and initiatives, allocated to Green/Social or combination of Green and Social Eligible Categories in Table 2.2.1.

Principle & Standard

The Framework follows the four core components under the ICMA Green Bond Principles 2021 (GBP), the Social Bond Principles 2023 (SBP), the Sustainability Bond Guidelines 2021 (SBG); and the LMA Green Loan Principles 2023 (GLP), the Social Loan Principles 2023 (SLP):

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

2.2 Use of Proceeds

The proceeds from each VPBank Green, Social, or Sustainability Instrument will be used to finance or refinance qualifying assets and projects that promote the 2030 Agenda for Sustainable Development.

The tables outline the eligible categories aligned with ICMA's GBP/SBP/SGB and LMA's GLP/SLP and economic activities that are eligible for classification as green, social and sustainable activities, including the set of criteria to be used to assess the eligibility. The table also maps SDGs to industrial sectors based on a high likelihood to contribute positively to the Global Indicators for the SDGs and targets.

2.2.1 Eligibility Criteria

2.2.1.1 Green Bonds/Loans/Deposits

Eligible Category	Activity	Applicable Label	Eligibility Criteria	Relevant SDG Targets
Renewable Energy	- Generation and transmission of electricity from renewable sources (including wind, hydropower, solar, tidal, geothermal, biomass or biofuel, wood pallets). - Generation of any form of energy, including heating or cooling from renewable sources. - Projects and sub-projects that convert waste to energy using environmentally friendly technology. - Manufacture and sale of finished products that when used result in increased renewable energy generation by others	Green	- Regarding Cogeneration/CHP plant, the project must be powered by renewable sources (renewable energy, biomass waste or non- waste biomass with sustainable sourcing requirements) and achieve GHG reduction of at least 25,000 tons CO2 equivalent. - Hydropower plants must be small dams under World Commission of Dams' Definition and meet one of the following criteria: i) Run-of-river without artificial reservoir or low storage capacity; OR ii) Life-cycle carbon intensity is below 50 gCO2e/kWh (or 100g gCO2e/kWh if the hydro project existed before the end of 2019); OR iii) Power density is greater than 10W/m2 - Geothermal projects direct emissions	SDG 7. Affordable and Clean Energy  SDG 13. Climate Action 

Eligible Category	Activity	Applicable Label	Eligibility Criteria	Relevant SDG Targets
			threshold of 100gCO₂e/kWh or lower. - Feedstock for biomass or biofuel production be sourced from sustainably managed operations. Biofuels production must reduce GHG emissions by more than 50% compared to production of fossil fuels. - Biomass or biofuel under certificate such as Forest Stewardship Council – FSC, Roundtable on Sustainable Biomaterials – RSB. - Waste to energy must comply with the principles of integrated solid waste management.	
Energy Efficiency	- Projects or sub-projects (including both industrial and non-industrial) aimed to acquire, replace, redesign or refurbish equipment, systems and/or contracting services/products in order to decrease energy consumption. - Development of products or technology and their implementation that reduces energy consumption of underlying asset, technology, product or system(s).	Green	- Reduce absolute energy consumption by at least 20% OR reduce electricity consumption by at least 50 GWh/ year for every unit of service output OR reduce GHG emissions by at least 25,000 tonnes of CO₂-e/yr. - Refrigerators, rice cookers, home & office appliances and AC appliances with 5 star Vietstar label or achieve a Confirmation Label for High energy performance standard (HEPS)¹. - Equipment representing at least 20% of energy savings compared to the baseline are automatically accepted.	SDG 7. Affordable and Clean Energy 

¹ Development/manufacturing applies to products or technology align with the EU taxonomy criteria as the top 2 classes of the EU energy labels (A+++, A++) and align with DNSH principle

Eligible Category	Activity	Applicable Label	Eligibility Criteria	Relevant SDG Targets
				SDG 9. Industry, Innovation and Infrastructure 
Clean Transport	• Low energy or emission transportation assets, systems, infrastructure, components, applications and services including financing of electric vehicles, financing for vehicles to switch fuel from high carbon intensive fuel to low carbon intensive fuels. • Development of facilities to produce hybrid and electric passenger vehicles. • Development, operation and upgrade of public transportation facilities (including improvement to rail transport, bicycles and other non-motorised transport).	Green	• Excluding any infrastructure or rolling stock assets used for the transportation of fossil fuel products. • Low carbon intensive fuels include sustainable biofuels, hydrogen, etc. • Railway vehicles are limited to ones that use electricity as its power sources or that meet the threshold for direct CO2 emissions (less than 50g CO2e/km per passenger or less than 25g CO2e/km per ton of cargo) • Hybrid buses must ensure that direct emissions do not exceed 50 gCO2e/km per passenger	SDG 11. Sustainable Cities and Communities  SDG 14. Life below water 

Eligible Category	Activity	Applicable Label	Eligibility Criteria	Relevant SDG Targets
Eco-friendly and/or Circular Economy Adapted Products, Production Technologies and Processes	Use of recycled materials for packaging or production of goods and services in a context of circular economy.	Green	- Commercial-scale manufacturing /production of resource-efficient, low-carbon or recycling materials of products should report details on manufacturing process, assurance of sustainable sourcing, and/or reasonable basis for substantial reduction of life-cycle emissions. - Procurement of recycled / waste inputs are not intended for non-medical plastic packaging for single-use consumer products	SDG 12. Responsible Consumption and Production 
Sustainable water and wastewater management	- Wastewater collection, treatment, water recycling, re-use, technologies, and related infrastructure. - Projects that reduce water consumption.	Green/Blue	- Eligible water desalination projects only when they are mainly powered by low-carbon sources (renewables) and assurance of appropriate waste management plan is required for brine disposal. - Water consumption reduction should decrease in water utilization from baseline by greater than or equal to 20%.	SDG 6. Clean Water and Sanitation 
	Development and manufacturing of water conservation products (for example, low-flow shower heads, faucet aerators, water recyclers, and low-flow toilets) for residential and commercial use.	Green/Biodiversity/Blue		SDG 14. Life below water 

Eligible Category	Activity	Applicable Label	Eligibility Criteria	Relevant SDG Targets
Environmentally Sustainable Management of Living Natural Resources and Land Use	• Agriculture activities certified by internationally renowned agricultural certification system. • Afforestation, reforestation, biosphere conservation: - Afforestation (plantations) of non-forested land; - Reforestation on previously forested land; - Sustainable forest management activities that increase carbon stocks or reduce the effect of forestry activities; - Reduced emissions from deforestation and forest degradation; - Biosphere conservation projects (including payments for ecosystem services) targeting reduction of emissions from the deforestation or degradation of ecosystems.	Green/ Biodiversity	• Internationally renowned certification includes: - Bonsucro, - RSB (Roundtable on Sustainable Biomaterials), - RTRS (Roundtable on Responsible Soy) - Rainforest Alliance (RA)/UTZ - Fairtrade Small-Scale Producer - Fairtrade Hired Labor - Friends of Earth - Global Good Agriculture Practices (Global G.A.P)² - OR equivalent certifications	SDG 15. Life on Land 

² Although G.A.P. does not prohibit the use of pesticides beyond those permitted by national regulations, VPBank will check the use of pesticides such as reducing, minimizing or substituting and sustainable land management practices when financing projects or assets with G.A.P certification to align with DNSH principle.

Eligible Category	Activity	Applicable Label	Eligibility Criteria	Relevant SDG Targets
Pollution Prevention and Control	- Reduction of air pollutant emissions, greenhouse gas control, soil remediation, waste management. - Development, construction and operation of waste recycling (recycling plastics, glass, metals, etc.)	Green/ Biodiversity	- Excluding investments directly linked to fossil fuel technology, waste landfills, commercial scale Carbon Capture and Storage applied to “hard-to-abate” industrial activities that are inherently carbon intensive. - Net GHG reduction should be demonstrated or provide equivalent evidence on waste Solid Waste Management. Must comply with the principles of integrated solid waste management.	SDG 12. Responsible Consumption and Production 
Green Buildings	Building acquisition, development, and construction or existing building retrofits/ renovations and mortgage finance or refinance of buildings that meet recognized Green Building certification standards or have energy savings design	Green	- Recognized Green Building certification standards as: - BREEAM: Excellent - DGNB: Gold and above - LEED: Gold and above - EDGE - GREEN STAR: 5 or above - BCA Green Mark: Gold Plus and Premium - OR equivalent certifications - Documented twenty per cent (20%) energy savings compared to a baseline building without energy-efficient design.	SDG 9. Industry, Innovation and Infrastructure  SDG 11. Sustainable Cities and Communities 

Eligible Category	Activity	Applicable Label	Eligibility Criteria	Relevant SDG Targets
Blue Finance	- Research, design, production, packaging of environmental-friendly products, biodegradable plant-based plastics and packaging or compostable plastics and packaging that avoid water or ocean pollution. - Manage/reduce/recycle/treat plastic and chemical wastes in costal/river basin areas to prevent pollution.	Green/Blue/ Biodiversity	- The raw materials will be bio-based materials (such as biopolymers/bioplastics) or RSB-certified. - Net GHG reduction should be demonstrated or provide equivalent evidence on recycling/treatment. Must comply with the principles of integrated solid waste management.	SDG 14. Life Below Water 
	- Ocean-friendly and water-friendly products: - Research, design, manufacturing of household products with a sustainable supply of raw materials that can displace existing harmful products or reduce nitrogen and phosphorus loads of the aquatic environment	Green/Blue/ Biodiversity	Including: (i) Biodegradable and phosphate-free detergents and shampoos, such as new enzyme-based products. (ii) Biodegradable and phosphate-free shampoo bars, deodorant bars (such as a soap bar), and cosmetics without plastic packaging. (iii) Microbead-free toothpaste in non-plastic container.	
	Sustainable fisheries and seafood production with internationally renowned certification.	Green/Blue/ Biodiversity	- Internationally renowned certification includes: - ASC (Aquaculture Stewardship Council), - Global Good Agriculture Practices (Global G.A.P) - OR equivalent certifications	
	Implementation of water and waste management/reduction measures in shipping vessels and ports/terminals.	Green/Blue/Biodiversity	- Water and waste management activities of shipping vessels and ports/terminals in accordance with the requirements of the MARPOL convention and national laws - Waste collection and treatment services must	

Eligible Category	Activity	Applicable Label	Eligibility Criteria	Relevant SDG Targets
			to support source segregation of waste	
Climate change adaptation projects	- Adaptation projects/activities are VPBank investments or lending that incorporate information about climate change risks into decision-making (ex ante) and directly address identified risks, vulnerabilities, or effects while avoiding inadvertent increases in vulnerability of systems or social groups and avoiding placing assets or systems in harm's way. An adaptation project should: i. reduce risk, exposure, or sensitivity to climate change; ii. increase climate resilience; iii. build problem-solving capacity to develop responses to identified risks, vulnerabilities, or effects; or iv. address effects directly linked to climate change.	Green	- A climate change adaptation project should document any of the following: - How it reduces risk, exposure, or sensitivity to climate change; - How it increases climate resilience; - How it builds problem-solving capacity to develop responses to identified risks, vulnerabilities, or effects; or - How it addresses effects directly linked to climate change. Net GHG reduction should be demonstrated or provide equivalent evidence	SDG 13. Climate Action 

2.2.1.2 Social Bonds/Loans/Deposits

Eligible Category	Activity	Eligibility Criteria	Target Population	Relevant SDG Targets
Access to Essential Services	- Financing and Financial Services/Financial Inclusion - Employment Generation - Socioeconomic advancement and empowerment	- Proceeds to be allocated towards the development, distribution, and expansion of financial products and services to MSMEs and women-owned/led enterprises - Proceeds to be allocated towards the development, distribution and expansion of digital services aiming at increasing access to financial services for MSMEs. - Fair participation and integration into the market and society including reduction of income disparity (such as agriculture activities under Fairtrade Small-Scale Producer and Fairtrade Standards for Hired Labor certifications)	MSMEs, Women-owned/led MSMEs	SDG 9. Industry, Innovation and Infrastructure  SDG 5. Gender equality  SDG 8. Decent work and economic growth 

Eligible Category	Activity	Eligibility Criteria	Target Population	Relevant SDG Targets
Access to Essential Services	Healthcare	- Proceeds may be allocated towards medical facilities and hospitals that expand access to inclusive healthcare, ensure healthy lives and promote well-being including costs related to: - Expanding universal health coverage, including access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all. - Increasing health financing and the recruitment, development, training, and retention of the health workforce - Healthcare infrastructure comprising land and buildings as well as property adaptations, renovations, improvements and associated fixtures and fittings. - Healthcare machinery, equipment and related digital infrastructure and software. - Vehicle associated with health provision.	Enhance health care for the Whole population	SDG 3. Good Health and Well-being 
Access to Essential Services	Education and vocational training	- Proceeds may be allocated towards public education institutions, schools, public and private vocational training institutions and organizations that deliver and promote inclusive lifelong learning opportunities for all including costs related to: - Provision of affordable and quality pre-primary, primary, lower secondary, upper secondary education, and vocational training - Maintenance and upgrade of education facilities for children and People with	Promote comprehensive education for children and People with Disabilities	SDG 4. Quality Education 

Eligible Category	Activity	Eligibility Criteria	Target Population	Relevant SDG Targets
		Disabilities - Supply of teachers, teacher training and materials		
Affordable Housing	Affordable housing financial service	- Proceeds may be allocated to home buyers or towards and financial service providers enabling access to housing for underserved purchasers including costs related to: - Offering mortgages to underserved buyers - Providing house improvement loans to underserved homeowners - Invest, build, repair or renovate social housing in accordance with national law	Underserved marginalized home buyers	SDG 11. Sustainable Cities and Communities 

Eligible Category	Activity	Eligibility Criteria	Target Population	Relevant SDG Targets
Affordable Basic Infrastructure	- Clean drinking water /Sanitation - Transport - Telecom network	- Proceeds may be allocated towards companies and organizations that expand access to basic and essential infrastructure related to: - Provision of access to safe and affordable sanitation and clean water facilities - Development of transportation system and related infrastructure in underserved areas - Development of telecom network and related infrastructure in underserved areas	Support sustainable infrastructure in underserved areas addressing needs for water, sanitation, and telecom connectivity	SDG 9. Industry, Innovation and Infrastructure  SDG 6. Clean water and sanitation 

Target Population Definition for Eligible Social Projects:

Social business activities financed via Social Bonds/Loans/Deposits should aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for a target population. Examples of potential target population include, but are not limited to, those that are:

	VPBank's Definition
MSME	A. Any micro, small and medium size enterprise organized and existing under the laws of Vietnam which: i. has more than 50 per cent of its share capital owned by the private sector ii. is neither a related party nor an affiliate of VPBank iii. conducts its business and operations primarily in Vietnam iv. is either: a. borrowing from VPBank in an original principal amount of not more than US\$1,000,000 per loan; or b. meets two out of the three sub-criteria below: i. has between 10 to 300 employees; ii. has total assets of between US\$100,000 but not more than US\$15,000,000; and iii. has annual sales of more than US\$100,000 but not more than US\$15,000,000. B. Any natural person residing in Vietnam representing any legal entity which meets the criteria set out above
Women-Owned/Led Enterprises	Any MSME (as described above) which is: A. At least 51 per cent by vote and value owned by a woman or women; or B. At least 20 per cent by vote and value owned by a woman or women and: i. has at least one woman in a senior executive role (e.g. Chief Executive Officer, Chief Operating Officer, President, Vice-President or other similar senior executive management role); and ii. if it has a board of directors or other managing board or committee, at least 30 per cent of the members of such board of directors or committee are women: or C. Carried out, or owned and operated by, a woman (or women)
Poverty Line	According to the Decree 07/2021/ND-CP on multidimensional poverty line for the 2022-2025 period, the following definitions apply: A. Poverty: i. Rural area: monthly per-capita income of VND 1,500,000 or lower and meets at least three indicators for deprivation of access to basic social services ii. Urban area: monthly per-capita income of VND 2,000,000 or lower and meets at least three indicators for deprivation of access to

	VPBank's Definition
	basic social services B. Near Poverty: - Rural area: monthly income per-capita of VND 1,500,000 or lower and meets fewer than three indicators for deprivation of access to basic social services - Urban area: monthly income per-capita of VND 2,000,000 or lower and meets fewer than three indicators for deprivation of access to basic social services C. Low income: individuals whose total income does not meet the threshold to pay personal income tax (VND 11,000,000/month) (Resolution No. 954/2020/UBTVQH14 of the National Assembly, 2020 and any amending and supplementing version) **List of indicators for deprivation of access for basic social services for households: - Access to job: at least 1 person is unemployed or has no labor contract - Number of dependents: over 50% of total family members - Nutrition: at least 1 child under 16 with height or weight malnutrition - Education level of adults: at least 1 person aged 16-30 who does not participate in training courses or degrees or certificates compatible with corresponding ages. - School attendance of children: at least 1 child aged 3-16 not enrolled to study at the right age - Health insurance: at least 1 person without Health Insurance Card - Housing quality: living in house/apartment made of unstable materials - Density: less than 8m²/ person - Lack of hygienic latrines and toilets - No access to residential water sources - Telecom services: no family member uses internet service - Assets to serve information access: no television, radio, computer, phone, etc.
People with Disabilities	People with Certificate of Disability in accordance with the law
Underserved marginalized home buyers	Entities eligible for incentive policies on affordable/social housing are determined based on the provisions of the Law on Housing 2014 No. 65/2014/QH13 and Law on Housing 2023 No. 27/2023/QH15 (effective from January 1, 2025) and any amending and supplementing version, include but not limited to: - Households living in poverty or near poverty in rural areas; - Households that are often affected by natural disasters or climate changes in rural areas;

	VPBank's Definition
	3. Individuals living in low income, poverty or near poverty in the urban areas; 4. Employees working in enterprises inside or outside the industrial zones; 5. Households or individuals subject to land withdrawal and land clearance as prescribed without any compensation in form of housing or residential land paid by the State.

2.2.1.3 Sustainability Bonds/Loans/Deposits

Eligible categories are a combination of green and social assets and projects.

2.2.2 Exclusion List

VPBank acknowledges that sustainable financial principles are a fundamental prerequisite for better management of the socio-environmental risks in portfolios as well as exploring new business opportunities. In this regard VPBank has developed an exclusion list and undertakes that use of proceeds will not be utilized to finance any project which falls under the following exclusion criteria.

1. The following activities/business areas, in the case of revenue from production and trading of client in these activities/ business areas in the preceding year (or investment plan in case it has not yet been put into operation) is equal to or greater than 10% of the total revenue of the whole year:
 - a. Production or trade in alcoholic beverages (excluding beer and wine).
 - b. Gambling, casinos and equivalent enterprises.
2. Production of or trade in tobacco³.
3. New coal-fired power plant projects or any coal-fired power plants in operation⁴.
4. Production or trade in any product or activity deemed illegal under Vietnamese laws or regulations or international conventions and agreements, or subject to international phase outs/bans, such as pharmaceuticals⁵, pesticides/herbicides⁶, hazardous chemicals⁷, ozone depleting substances⁸, Polychlorinated biphenyls (PCBs)⁹, wildlife or products regulated

³ This restriction will not be applied in case credit proposal is subject to approval limit for tobacco according to VPBank's regulations from time to time.

⁴ Clients are considered for credit on a case-by-case basis:

- Requiring for investing in exhaust gas cleaning equipment and technology, support for environmental protection, reduce greenhouse gas emissions, and prevent climate change (i.e. dust filtration, carbon capture, sulfur SO_x, NO_x removing, continuous exhaust gas monitoring system, dust suppression misting system, fine particle treatment in the filtration plant...) and fire prevention compliance (fire fighting and protection system).
- Requiring working capital and there is no extension of the life of the project or capacity expand, and pursuing greenhouse gas emissions reduction technologies (i.e. carbon capture, flue-gas desulfurization, replacement of coal fuel with more eco-friendly fuel or sustainable renewable energy transition etc.) and the credit proposal is subject to approval limit according to VPBank's regulations from time to time.

⁵ list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

⁶ list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

⁷ list of hazardous chemicals is available at <http://www.pic.int>.

⁸ list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

⁹ group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical

under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora¹⁰.

5. Production or trade in weapons and munitions, including paramilitary materials.
6. Pornography and/or prostitution.
7. Racist and/or anti-democratic media.
8. Production or trade in radioactive materials, including nuclear reactors and components thereof. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment considered as the radioactive source to be trivial and/or adequately shielded¹¹.
9. Production of, trade in, or use of unbonded asbestos fibers¹². This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
10. Unsustainable Fishing Methods¹³. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.
11. Cross-border trade in waste and waste products, unless compliant to the Basel Convention and the underlying regulations.
12. Production or activities involving forced labor¹⁴ or harmful child labor¹⁵.
13. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest or old-growth forests.
14. Destruction¹⁶ of High Conservation Value areas¹⁷ (including UNESCO World Heritage Sites¹⁸, IUCN Red List of Threatened Species¹⁹, Ramsar Wetland Sites, etc.)
15. Production or trade in wood or other forestry products other than from sustainably managed forests²⁰.

transformers, capacitors, and switchgear dating from 1950 to 1985.

10 list is available at <http://www.cites.org>. Credit Officer/ Relationship Officer checks the list of prohibited pharmaceutical products, pesticides / herbicides, hazardous chemicals, ozone depleting substances, PCBs or wildlife or products regulated under CITES synthesized by VPBank from time to time.

11 Medical equipment, quality control (measurement) equipment and any equipment considered as the radioactive source to be trivial and/or adequately shielded as specified in Clause 23, Article 3, Law on Atomic Energy No.18/2008/QH12 dated June 03, 2008 on Level for exemption from declaration or licensing.

12 Credit Officer/ Relationship Officer checks the List of asbestos ban to import, to use and to transfer the production technology of cement and construction materials in Vietnam synthesized by VPBank.

13 For example: Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

14 Forced labor means any work or service that a person is forced to do under the threat of any punishment and not him voluntarily. The term "forced or compulsory labor" does not cover the cases provided for in Paragraph 2 of Article 2 of the ILO Convention No. 29 on Forced Labor, 1930.

15 Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development. Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art.2), unless local legislation specifies compulsory school attendances or the minimum age for working. In such cases the higher age shall apply.

16 Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

17 High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance. Credit Officer/ Relationship Officer checks the list of protected areas synthesized by VPBank.

18 United Nations Educational, Scientific and Cultural Organization

19 The International Union for Conservation of Nature

20 Meet the requirement on management and traceability of forest products under Circular No. 26/2022/TT-BNNPTNT on management and tracing of forest products and Decree 156/2018/ND-CP detailing the implementation of a Articles of the Law on Forestry.

16. Hydropower projects with large capacity as defined by the World Commission on Dams (including hydroelectric dams with a height of 15 meters or more from lowest foundation to crest or with a height between 5 and 15 meters from the foundation having a reservoir volume of more than 3 million cubic meters).
17. Coal mining or services and infrastructure²¹ dedicated to coal mining activities²².
18. Demolition of used ships.
19. Refining, producing, processing or trading palm oil originating from natural deforestation (except for cases certified by RSPO, RSB, SAN, ISCC²³ or equivalent certificates).

*When investing in microfinance activities, VPBank will apply the following items in addition to the exclusion list:

1. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
2. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

2.3 Project Evaluation and Selection Process

2.3.1 Screening, Evaluation and Selection

The evaluation and selection of eligible projects that will receive proceeds from each Sustainable Financing Instrument will be based on a balance between E&S risks, financial benefits and contribution to the green, social or sustainable objectives outlined in section 2.2.1. To this end, VPBank will:

- Integrate each eligible loan's project evaluation and selection into VPBank's business and risk management programs.
- Provide guidance to our staff in identifying and evaluating relevant risks for VPBank's credit activities on the basis of compliance with national laws and international commitments.
- Ensure the provision of sustainable financing products and services to customers who have adequately controlled the E&S risks in their production, business, and trade activities.
- Assist customers in identifying socially aligned project opportunities compatible with the Eligible Sustainable Projects listed in section 2.2.1.
- Taking a step-by-step approach to co-operate with the Government and international organizations to develop socially aligned credit products and services to support and promote

²¹ Infrastructure services dedicated to serving coal mining activities such as drilling holes, loading, transporting coal, trading coal mining supplies or providing supplies to coal mining partners etc.

²² Clients are considered for credit if they require for investing in exhaust gas cleaning equipment and technology, support for environmental protection, reduce greenhouse gas emissions, and prevent climate change (i.e. dust filtration, carbon capture, sulfur SO_x, NO_x removing, continuous exhaust gas monitoring system, dust suppression misting system, fine particle treatment in the filtration plant...) and fire prevention compliance (fire fighting and protection system).

²³ These are sustainable biofuel/biological product certifications for palm oil and sugar cane: RSPO - Roundtable on Sustainable Palm Oil: Independent supply chain guardianship certification aimed at proving that palm oil is purchased reliably, sustainably and ethically from certified growers, RSB - Roundtable on Sustainable Biomaterials: Certification applies to bio-based and recycled carbon fuels, biomass and materials products, including fossil waste, SAN, ISCC - International Sustainability & Carbon Certificate: International certification for biomass and bioenergy production focusing on sustainability of land use, traceability and verification of greenhouse gases along the complete supply chain.

environmental protection and enhance social responsibilities in production, trade and services of the customers.

The process for project evaluation and selection involves three key steps:

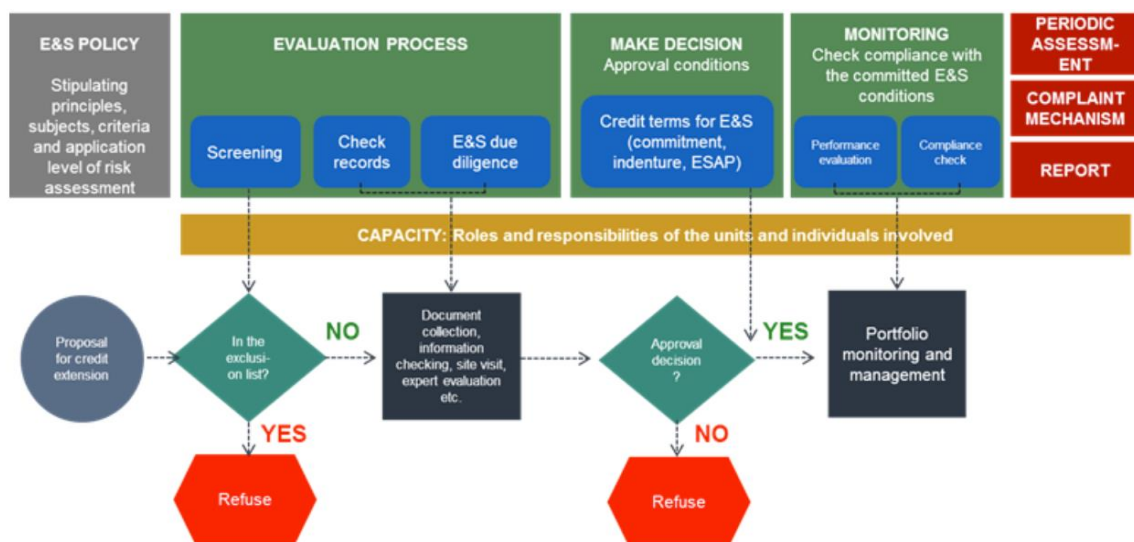
- I. Apply the exclusionary criteria
- II. Apply the Environmental & Social Risk Management System.
- III. Apply specific eligibility criteria for selecting sustainable financing projects.

Project Selection Process

For the project selection and approval process, VPBank will adopt the following:

1. As part of credit evaluation, business units will screen and select potential assets and projects for VPBank Green, Social, or Sustainability Bonds/Loans/Deposits. Relationship Managers within each business segment, in evaluating any potential sustainable financing assets, will run an initial screening to ascertain if the asset meets the Project Eligibility Criteria, fulfils VPBank's internal E&S requirements and does not meet the exclusionary criteria. Assets that pass this initial screening will then be coursed through the appraisal process that will include VPBank's Appraisal Units and E&S Department.

The E&S screening and assessment will be conducted using the flow diagram:



E&S Specialist: Officers under E&S Department who have environmental and social expertise and are responsible for assessing the potential E&S risks of credit applications.

Appraisal unit: is Re-appraisal Department for Corporate Clients or Re-appraisal department for retails and SMEs under Credit Division or Credit Underwriting Center (CPC UW) under Operations Division.

Sustainable Finance Specialists: The selection as well as evaluation of transactions' alignment with the labels is subject to process involving Financial Market & Transaction Banking Division (FMTB). Sustainable Finance Specialists under FMTB will identify, evaluating and confirming potential transactions qualifying for any of the three labels based on the eligibility criteria and liaise with customers.

2. As part of the approval process, the Credit Committee will also ensure that the asset will meet the various criteria set out in the relevant sustainable financing programs.
3. The approved green/social/sustainable financing assets will be marked for tracking and monitoring, once approved by authorized person(s).

2.3.2 Validation and Approval

The VPBank Credit Committee is responsible for the approval of assets and projects in accordance with the Framework. The Councils may delegate the approval to authorised persons.

Credit Committee: Established to implement credit approval and transaction limits for clients at VPBank. Members include:

- Chairman: approval experts appointed by the Board of Directors
- Secretary: senior officer in the Re-Appraisal Department under the Credit Division
- Members: other approval experts, representatives of Risk Management Division, representatives of Business Division, representatives of relevant units

2.4 Management of Proceeds

VPBank intends to accumulate a single common pool ("the Pool") of diversified eligible green, social and sustainability assets and projects over time. Assets drawn from this single pool will represent all projects funded by Green, Social, or Sustainability Bonds/Loans issued under this Framework. And the Balance Sheet Management Department (under the Asset Liability Management Centre) will manage the use of proceeds on a portfolio basis. VPBank will also establish and maintain a centralised database that keeps tracks of all concerned transactions. The database will include information such as company identifier, transaction amount, and tenor. The database will be monitored periodically to avoid double counting. For example, proceeds received from a newly issued green bond/loan will not be allocated to a labelled transaction already earmarked by a previous green bond/loan.

VPBank also will monitor the allocation of proceeds to eligible assets across Green, Social, or Sustainability Bonds/Loans and Deposits to avoid dual usage. We will use the aggregate committed amounts of eligible loans recorded by VPBank entities to determine the size of the overall Green, Social, or Sustainability Deposits capacity, with the objective of ensuring Green, Social, or Sustainability Deposits do not exceed eligible loans for a sustained period.

VPBank will seek to fully allocate the proceeds within 36 months. For any unallocated proceeds due to pending allocation or reallocation, VPBank reserves the rights to invest the balance of the proceeds, at its own discretion in cash, cash equivalent or high-quality marketable instruments.

2.5 Reporting

Allocation Reporting

Where there is outstanding Green, Social, or Sustainability Instrument issued under the Framework, we will provide an annual progress report on the following:

- A. The aggregate amount of allocation of the proceeds to eligible assets and projects detailing the amount dedicated to each of the eligible categories; and
- B. Proportion of net proceeds allocated and remaining balance of unallocated proceeds; and
- C. The proportion of net proceeds allocated to financing new and existing (refinancing) projects.

Impact Reporting

To the extent possible, VPBank will report the impact of its Green, Social indicators in the form of the output metrics listed in the table below, resulting either on each project or on portfolio level, in case confidentiality restricts to report on project level.

Subject to the nature of Eligible Projects and availability of information, the following information will be presented for each corresponding category in the report.

Key performance indicators may include, but are not limited to:

Eligible Green Category	Key Performance Indicators
Renewable Energy	- Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent - Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) - Installed capacity of renewable energy project - Additional capacity of renewable energy plant(s) constructed or rehabilitated in MW (if applicable)
Energy Efficiency	- Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) - Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
Circular Economy Adapted Products, Production Technologies, and Processes	- Tons of waste reduced or recycling - Products changed to increase waste reduction - Tons of secondary raw materials or compost produced
Sustainable Water and Wastewater Management	- m³/m² of Gross Building Area p.a; and Annual absolute (gross) water use before and after the project in m³/a (for retrofitted buildings) and/or % of water reduced/avoided vs local baseline/baseline certification level/IGCC/International Plumbing Code - Annual amount of water saving in m³/ year - Annual amount of waste water treated, reused or avoided in m³/ year - Annual amount of sludge reused in Tonnes (if applicable)
Environmentally Sustainable Management of Living Natural Resources and Land	- Reduction in net GHG emissions, GHG intensity (e.g. tCO₂e/unit of output) or energy intensity (e.g. GJ/unit of output) - Increase in area under certified organic or sustainable

Eligible Green Category	Key Performance Indicators
Use	agriculture (ha and % of acreage farmed) Maintenance/safeguarding/increase of natural landscape area (including forest) in km² and in % for increase
Pollution Prevention and Control	- Reduction of particulate matter vs local baseline: sulphur oxides (SO_x), and nitrogen oxides (NO_x) - carbon monoxide (CO), (PM2.5/PM10) and non- methane volatile organic compounds (NMVOCs) - Waste prevented, minimised, reused, or recycled before and after the project (in % of total waste) and/or in absolute amount (tonnes p.a.) - Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project (m3 or as %)
Green Buildings	- List of third-party environmental certifications received % of energy use reduced / avoided vs. local baseline / building code % of renewable energy generated on site (if relevant)

Eligible Social Category	Key Performance Indicators
Access to essential services <i>Financing and Financial Services/Financial Inclusion</i> <i>Employment Generation</i> <i>Socioeconomic advancement and empowerment</i>	- No. of loans disbursed to MSMEs and Women-Owned/Led Enterprises - No. of jobs created (if funding new projects) - No. of jobs created for women (if funding new projects)
Affordable housing	- Number of affordable/social homes built - No. of affordable housing loans disbursed
Access to Essential Services <i>Healthcare</i>	No. of people with access to healthcare services
Access to Essential Services <i>Education and vocational training</i>	- No. of students educated - No. of teachers trained
Affordable Basic Infrastructure	- No. of people with access to rural telecom services - No. of people with access to clean water - No. of people with access to public transportation - Sanitation products provided

2.6 External review

VPBank has obtained a second party opinion from Sustainalytics to confirm the alignment of the VPBank Sustainable Finance Framework with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines and the LMA Green Loan Principles, Social Loan Principles.

Sustainalytics second party opinion will be published on VPBank's website, found through <https://www.vpbank.com.vn/en/ve-chung-toi/phat-trien-ben-vung>

2.7 Disclosure

The Framework will be made available to investors and disclosed publicly on VPBank website: <https://www.vpbank.com.vn/en/ve-chung-toi/phat-trien-ben-vung>

3 / DISCLAIMER

The information and opinions contained in this Sustainable Finance Framework document are as of the date of development of this document and are subject to change without prior notice. VPBank does not assume any responsibility or obligation to update or revise any statements, regardless of whether new information, future circumstances, or such events impact the above statements.

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