

Second-Party Opinion

VPBank Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the VPBank Sustainable Finance Framework is credible, impactful and aligned with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories¹ for the use of proceeds are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 6, 7, 9, 11, 12, 13, 14 and 15.



PROJECT EVALUATION AND SELECTION VPBank's E&S Specialists, Sustainable Finance Specialists, Appraisal Unit and Credit Committee will be responsible for evaluating and selecting projects as per the Framework's eligibility criteria. VPBank has established an environmental and social screening and assessment system, with the E&S specialists responsible for assessing potential risks associated with the eligible projects. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS VPBank's Balance Sheet Management Department will be responsible for the management and allocation of proceeds through its centralized tracking database. The Bank intends to allocate all proceeds to eligible projects and assets within 36 months of issuance. Pending allocation, unallocated proceeds will be temporarily held in cash, cash equivalents and marketable instruments. This is in line with market practice.



REPORTING VPBank commits to report on the allocation of proceeds on an annual basis until full allocation. Allocation reporting may include the amount of proceeds allocated to eligible projects and assets, the proportion of net proceeds allocated to new investments and remaining balance of unallocated proceeds, and the proportion of proceeds allocated to financing and refinancing projects. In addition, VPBank intends to report on relevant green and social impact metrics on a project or portfolio level. Sustainalytics considers the allocation and impact reporting commitments as aligned with market practice.



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¹ Eligible categories: Renewable Energy; Energy Efficiency; Clean Transport; Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes; Sustainable Water and Wastewater Management; Environmentally Sustainable Management of Living Natural Resources and Land Use; Pollution Prevention and Control; Green Buildings; Blue Finance; Climate Change Adaptation; Access to Essential Services – Financial Inclusion; Employment Generation; Socio-economic Advancement and Empowerment; Access to Essential Services – Healthcare; Access to Essential Services – Education and Vocational Training; Affordable Housing; and Affordable Basic Infrastructure.

Introduction

Vietnam Prosperity Joint Stock Commercial Bank (“VPBank” or the “Bank”), established in 1993 with headquarters in Hanoi, Vietnam, provides banking products and services to the following segments: i) retail; ii) household; iii) small and medium enterprises (SMEs); iv) commercial; and v) corporates. VPBank operated 76 branches, 187 transaction offices and five corporate banking centres, served more than 30 million active individual and corporate customers in Vietnam and employed more than 25,000 employees as of December 2023.²

VPBank has developed the VPBank Sustainable Finance Framework dated July 2024 (the “Framework”), under which it intends to issue green, social and sustainability bonds, loans and other sustainable financial instruments, including³ green, social or sustainable deposits,⁴ and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to contribute to positive environmental and socio-economic impacts in Vietnam. The Framework defines eligibility criteria in 15 areas:

The Framework defines eligibility criteria under the following environmental categories:

1. Renewable Energy
2. Energy Efficiency
3. Clean Transport
4. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes
5. Sustainable Water and Wastewater Management
6. Environmentally Sustainable Management of Living Natural Resources and Land Use
7. Pollution Prevention and Control
8. Green Buildings
9. Blue Finance
10. Climate Change Adaptation

The Framework defines eligibility criteria under the following social categories:

11. Access to Essential Services – Financial Inclusion, Employment Generation, Socio-economic Advancement and Empowerment
12. Access to Essential Services – Healthcare
13. Access to Essential Services – Education and Vocational Training
14. Affordable Housing
15. Affordable Basic Infrastructure

VPBank engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP),⁵ Green Loan Principles 2023 (GLP) and Social Loan Principles 2023 (SLP).⁶ The Framework has been published in a separate document.⁷

² VPBank, “interim consolidated financial statements: Quarter 1 of 2024”, (2024), at: <https://www.vpbank.com.vn/-/media/vpbank-latest/5nha-dau-tu/bao-cao-tai-chinh/vas/nam-2024/consolidated-financial-statements-q1-2024.pdf>

³ Sustainalytics has reviewed only the financial instruments expressly specified in the Framework.

⁴ The Bank has confirmed that the deposits may include both wholesale certificates and retail deposits. VPBank has also confirmed that it will ensure: i) continual allocation to ensure that deposits will not exceed the size of the eligible asset pool; ii) allocation period and tracking mechanisms will be established in accordance with the Framework; and iii) financing will exclude double allocation of proceeds from deposits and other instruments issued under the Framework.

⁵ The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁶ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁷ The VPBank Sustainable Finance Framework is available on VPBank’s website at: <https://www.vpbank.com.vn/en/ve-chung-toi/phat-trien-ben-vung>

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁸ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA, and the Green Loan Principles 2023 and Social Loan Principles 2023, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of VPBank's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. VPBank representatives have confirmed (1) they understand it is the sole responsibility of VPBank to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and VPBank.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that VPBank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

⁸ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the VPBank Sustainable Finance Framework

Sustainalytics considers the VPBank Sustainable Finance Framework to be credible, impactful and aligned with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy; Energy Efficiency; Clean Transport; Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes; Sustainable Water and Wastewater Management; Environmentally Sustainable Management of Living Natural Resources and Land Use; Pollution Prevention and Control; Green Buildings; Blue Finance; Climate Change Adaptation; Access to Essential Services – Financial Inclusion; Employment Generation; Socio-economic Advancement and Empowerment; Access to Essential Services – Healthcare; Access to Essential Services – Education and Vocational Training; Affordable Housing; and Affordable Basic Infrastructure – are aligned with those recognized by the GBP, SBP, GLP and SLP.
 - VPBank has confirmed to Sustainalytics that it has established a 24-month look-back period for the refinancing of operating and capital expenditures under the Framework, which Sustainalytics considers to be aligned with market practice.
 - Under the Renewable Energy category, VPBank may finance or refinance the following:
 - Projects or activities related to the generation and transmission of electricity from renewable sources, including:
 - Wind and tidal power projects.
 - Hydropower plants considered to be small dams (<10 MW) that: i) are run-of-river without an artificial reservoir or low storage capacity; or ii) have a life cycle carbon intensity below 50 gCO₂e/kWh or 100 gCO₂e/kWh for hydropower projects completed before the end of 2019; or iii) have a power density that is greater than 10 W/m². VPBank has confirmed to Sustainalytics that it will not extend financing to projects with significant controversies and that for all new projects, an environmental and social impact assessment will be conducted by a credible body showing no significant risks or expected negative impacts associated with the project.
 - Solar projects, including photovoltaic, concentrated solar power (CSP) and solar thermal. For CSP and solar thermal projects, VPBank has confirmed to Sustainalytics that at least 85% of the electricity will be generated from solar energy sources. If the 85% threshold cannot be met for solar thermal projects, VPBank will still consider projects as eligible if the energy backup uses other renewable energy sources or electricity from the power grid (excluding fossil fuel sources).
 - Geothermal projects with a direct emissions threshold of 100 gCO₂e/kWh or lower.
 - Biomass and biofuel projects, with feedstock sourced from waste⁹ and non-waste sources,¹⁰ including wood pellets, that are Forest Stewardship

⁹ For waste-based feedstock, VPBank has confirmed that sources will be limited to lignocellulosic waste biomass, including wood waste (forestry residue from well-managed forests), forestry residues, straw, cane trash, sugarcane bagasse, agricultural residue (from well managed agricultural production) such as corn cobs, nut shells, soybean hulls, rice husks and waste from RSPO- or RSB-certified palm oil operations, such as palm kernel shells, residues of fishery resources (restricted to those from fishery and aquaculture companies that have obtained MSC or ASC certification), wastewater and sewage sludge (excluding those derived from fossil fuel operations). VPBank has confirmed the exclusion the use of animal manure from industrial-scale livestock operations, animal fats, oil and other animal processes by-products.

¹⁰ For non-waste feedstock, VPBank has confirmed that production of biofuel feedstock does not take place on land with high biodiversity (at least within the last 10-15 years), does not take place on land with a high amount of carbon, has not been converted for biofuel feedstock production, does not compete with food production and use only wood pellets originated from certified forestry operations.

Council¹¹ or Roundtable on Sustainable Biomaterials (RSB)¹² certified. Sustainalytics notes that VPBank will pursue credible third-party certification, such as RSB, in order to meet adequate sustainability requirements, including GHG emissions reduction and food security related to biomass production. The Bank has confirmed that: i) electricity generation from non-waste biomass will have a life cycle emissions intensity below 100 gCO₂e/kWh; and ii) for biofuels production installations, life cycle emissions will be at least 50% lower than the production of fossil fuels. While noting that biofuel production could reduce life cycle emissions by 50% compared to fossil fuel production and result in some environmental benefit, Sustainalytics considers market practice for biofuels production installations to have life cycle emissions of at least 65% lower than fossil fuel baselines.

- Sustainalytics considers investments for wind, tidal, hydropower, solar and geothermal to be aligned with market practice.
- District heating and cooling projects. VPBank has confirmed to Sustainalytics that: i) the generation of electricity will be 100% powered by renewable sources, such as solar thermal or geothermal energy; and ii) distribution networks will be primarily (>50%) powered by renewable energy and/or waste heat, excluding waste heat sourced from fossil fuel operations. Sustainalytics considers such investments to be aligned with market practice.
- Cogeneration or CHP plants powered by i) renewable energy;¹³ ii) biomass waste; and iii) non-waste biomass with sustainable sourcing requirements and geothermal with life cycle emissions threshold not exceeding 100 gCO₂e/kWh. These projects would also be required to reduce GHG emissions by 25,000 tCO₂e. Sustainalytics considers such investments to be aligned with market practice.
- Waste-to-energy projects based on the incineration of mixed residual waste that will utilize the best available technologies in Vietnam to reduce emissions and increase the efficiency of waste gas.
 - VPBank has confirmed to Sustainalytics that such projects will follow the waste hierarchy and segregate recyclable and hazardous materials prior to combustion and incineration.
 - The Bank has also confirmed that such projects will exclude plastics, rubber and tire-derived fuels for energy or fuel conversion.
 - Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy, i.e. waste prevention and recycling. Additionally, for such projects to have low emissions intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that due to constraints on recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends VPBank to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.
- Manufacturing of products used for renewable energy generation, including the production of solar panels, solar water heaters and solar pumps. VPBank has confirmed that the financed facilities will be wholly dedicated to the manufacturing of components of renewables. Sustainalytics considers such investments to be aligned with market practice.
- Under the Energy Efficiency category, VPBank may finance or refinance the following:
 - Industrial and non-industrial projects or sub-projects that acquire, replace, redesign or refurbish equipment, systems and contracting services or products that reduce:

¹¹ Forest Stewardship Council: <https://fsc.org/en>

¹² Roundtable on Sustainable Biomaterials: <https://rsb.org/>

¹³ VPBank has confirmed that such renewable energy sources include concentrated solar power and solar thermal.

- i) absolute energy consumption by at least 20%; ii) electricity consumption by at least 50 GWh/year; or iii) GHG emissions by at least 25,000 tCO₂e/year.
 - Installation and implementation of products or technology that reduce the energy consumption of the underlying asset, technology, product or system. To be eligible, the products¹⁴ must fulfil one of the following criteria: i) achieve a 5-Star Vietnam Energy Star Label (also known as the Comparative Energy Label), which demonstrates a 20-30% improvement in energy efficiency; ii) achieve a Confirmative Energy Label for High Energy Performance Standard, which represents energy savings equal to or greater than the 5-star rating of the Comparative Energy Label; or iii) achieve at least a 20% improvement in energy savings compared to the baseline performance.
 - Development and manufacturing of products or technology that reduce the energy consumption of the underlying asset, technology or system. To be eligible, the products must belong to the highest two populated classes of the relevant EU energy label in accordance with Regulation (EU) 2017/1369.¹⁵ Sustainalytics notes that the Bank will adhere to the relevant EU Taxonomy's substantial contribution criteria and do no significant harm criteria requirements. Sustainalytics further notes the Bank's reliance on EU energy labels to define eligibility in this category is consistent with the EU Taxonomy Climate Delegated Act.¹⁶
 - VPBank has confirmed that: i) the financing excludes expenditures related to distribution of energy efficiency equipment; and ii) assets or technologies designed or intended for processes that are primarily driven or powered by fossil fuels will not be financed under this category. Sustainalytics views positively the inclusion of a defined energy efficiency threshold for the installation of energy-efficient systems, equipment and technologies.
 - Sustainalytics considers investments in this category to be aligned with market practice.
- Under the Clean Transportation category, VPBank may finance or refinance the following:
 - Low-emission transportation assets, systems, infrastructure, components, applications and services,¹⁷ excluding any infrastructure or rolling stock assets used for the transportation of fossil fuel products.
 - This includes: (i) vehicle modifications for the switch from high- to low-carbon intensive fuel, such as hydrogen and biofuels, the latter of which must demonstrate a reduction of more than 50% compared with a fossil fuel baseline; and ii) zero direct emissions electric vehicles and plug-in hybrid electric vehicles below the threshold of 25 gCO₂e/tkm for freight vehicles and 75 gCO₂e/pkm for passenger vehicles.
 - VPBank intends to employ lab test procedures World Harmonized Light-duty Vehicle Test Procedure (WLTP), New European Driving Cycle (NEDC), EPA Federal Test Procedure (FTP-75) and China Light-Duty Vehicle Test Cycle (CLTC) to determine if passenger vehicles are below the 75 gCO₂e/pkm threshold. Regarding the use of NEDC and FTP-75, Sustainalytics considers best practice to use the WLTP, as it replicates realistic driving conditions and yields more accurate emissions results.

¹⁴ VPBank has confirmed that such appliances and devices may include refrigerators, rice cookers and AC appliances, as well as those that are labelled with the Vietnam Energy Star Label, including regulated household appliances, regulated office and commercial equipment and appliances, and regulated industrial equipment and appliances.

Government of Vietnam, "Decision No. 04/2017/QĐ-TTg", (2017), at:

https://media.tietkiemngluong.com.vn/Images/Upload/User/tranha/2021/10/decision_04_2017_qd-ttg.doc

¹⁵ European Parliament, "Regulation (EU) 2017/136", at: <https://eur-lex.europa.eu/eli/reg/2017/1369/oj>

¹⁶ European Parliament, "Regulation (EU) 2021/2139", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R2139>

¹⁷ VPBank has confirmed that examples of such projects include:

i) Urban transport modal change: a) urban mass transit; and b) non-motorized transport (bicycles and pedestrian mobility);

ii) Transport-oriented urban development: a) integration of transport and urban development planning leading to a reduction in passenger car use (dense development, multiple land use, walking communities, transit connectivity); and b) transport demand management measures dedicated to reducing GHG emissions (speed limits, high-occupancy-vehicle lanes, congestion charging or road pricing, parking management, restriction or auctioning of license plates, car-free city areas, low-emission zones);

iii) Inter-urban transport: a) railway transport ensuring a modal shift of passenger transport from road to rail (improvement of existing lines or construction of new lines); and b) waterway transport ensuring a modal shift of passenger transport from road to waterways (improvement of existing infrastructure or construction of new infrastructure).

- Development of production facilities for zero direct emissions electric vehicles and hybrid electric vehicles below the threshold of 75 gCO₂e/pkm for passenger vehicles or 25 gCO₂e/tkm for freight vehicles. VPBank has confirmed that financing will be directed only to the production and procurement of electric motors and relevant components for EVs.
- Development, operation and upgrade of public transportation infrastructure and facilities, including: i) improvements to electric rail transport with direct emissions below the threshold of 50 gCO₂e/pkm; ii) zero direct emissions electric buses; iii) hybrid electric or plug-in hybrid electric buses with direct emissions below the threshold of 50 gCO₂e/pkm; and iv) other non-motorized transport,¹⁸ such as bicycles and ICT applications to support bicycle sharing.
- Sustainalytics considers investments in this category to be aligned with market practice.
- Under the Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes category, VPBank may finance or refinance the following:
 - Procurement and the conversion of recycled and resource-efficient materials as inputs to produce goods and packaging.
 - VPBank has confirmed to Sustainalytics that: i) such materials will only include mechanical recycled plastics and bio-based materials, with prioritization of bio-based inputs with RSB¹⁹ and other equivalent certifications; and ii) the goods and packaging will not be intended for non-medical plastic packaging and single-use consumer products. Sustainalytics notes that it is market expectation to specify all eligible schemes and certifications in the Framework and encourages the Bank to report on any specific schemes and certifications it intends to use.
 - VPBank has committed to report details on the manufacturing process of such packaging and goods using recycled materials, assurance for sustainable sourcing and data demonstrating the reduction in life cycle emissions.
 - Sustainalytics considers investments in this category to be aligned with market practice.
- Under the Sustainable Water and Wastewater Management category, VPBank may finance or refinance the following:
 - Wastewater collection, treatment, recycling, reuse technologies and related infrastructure, such as pipelines, collection sewers, tanks and water quality monitoring equipment. Water desalination projects will be eligible only if they are powered by low-carbon sources, such as renewables, with the assurance of appropriate waste management plans for brine disposal.
 - Projects that reduce water consumption by at least 20% compared with the baseline consumption.
 - Development and manufacturing of water conservation products for residential and commercial use, such as low-flow shower heads, faucet aerators, water recyclers and low-flow toilets.
 - VPBank has confirmed that the financing of expenditures in this category will exclude the following activities: i) equipment or methods dependent on fossil fuels; ii) systems and measures to provide water for fossil fuel operations, fracking and mining; iii) treatment of wastewater from fossil fuel operations; iv) systems and treatment facilities dedicated to controversial activities that have harmful environmental or social impacts, such as industrial-scale livestock; and v) integrated water and power plants with fossil fuel power.
 - Sustainalytics considers investments in this category to be aligned with market practice.
- Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, the Bank may finance or refinance the following:

¹⁸ VPBank has confirmed such non-motorized transport facilities and infrastructure will exclude parking facilities and self-propelled modes of transportation solely intended for leisure.

¹⁹ Roundtable on Sustainable Biomaterials: <https://rsb.org/>

- Agricultural activities recognized by the following certification systems: i) Bonsucro;²⁰ ii) Roundtable on Sustainable Biomaterials;²¹ iii) Roundtable on Responsible Soy;²² iv) Rainforest Alliance;²³ v) Fairtrade Standard for Small-scale Producer Organizations;²⁴ vi) Fairtrade Standard for Hired Labour;²⁵ vii) Friends of Earth;²⁶ viii) Global Good Agricultural Practices (G.A.P) Integrated Farm Assurance - Crops Base;²⁷ or ix) any other certification schemes demonstrating equivalent performance. The Bank has confirmed to exclude the financing of livestock production under the Framework.
 - Sustainalytics recognizes that the Fairtrade Standard for Hired Labour and Fairtrade Standard for Small-scale Producer Organizations schemes address the relevant green and social aspects of agricultural production, but Sustainalytics notes that the schemes are heavily inclined towards the social aspects in the context of the agricultural activities and as such, are considered more suitable to provide social benefits in the context of social financing.
 - Regarding Global G.A.P, Sustainalytics recognizes that the certification addresses relevant sustainability issues in agricultural production. However, Sustainalytics notes that the scheme does not include sustainable land management practices as identified by other credible sustainable agriculture standards and organizations. The Bank has further confirmed that the financing with Global G.A.P certification will, therefore, be backed by an additional assessment for sustainable land management practices.
 - Sustainalytics notes that it is market expectation to specify all eligible schemes and certifications in the Framework and encourages the Bank to report on any specific schemes and certifications it intends to use.
- Sustainable forestry projects, such as afforestation, reforestation and biosphere conservation projects that have been certified under the Forest Stewardship Council²⁸ and Programme for Endorsement of Forest Certification.²⁹ The Bank has confirmed to Sustainalytics that the reforestation and afforestation projects will use tree species that are native or well adapted to local site conditions with a sustainable management plan in place. Sustainalytics considers investments under this activity to be aligned with market practice.
- Under the Pollution Prevention and Control category, the Bank intends to finance or refinance the following:
 - Projects that reduce air pollution and GHG emissions, such as the installation of exhaust gas treatment systems, automatic exhaust gas monitoring systems, automatic GHG monitoring systems and other process upgrades. The Bank has confirmed to Sustainalytics that: i) air pollution mitigation of assets reliant on fossil fuels will be excluded; ii) the components and systems financed do not directly rely on fossil fuels or create lock-in investments that extend the lifespan of fossil fuel use; and iii) monitoring tools, such as GHG monitoring systems are explicitly intended to analyze and collect GHG, including scope 3 emissions and emissions along the value chain.
 - Soil remediation projects. The Bank has confirmed to Sustainalytics that it will ensure that soil remediation is not related to the contamination or negative environmental externalities from the borrower's own activities.
 - Development, construction and operation of waste recycling facilities for metals, plastic and glass. Sustainalytics notes that: i) chemical recycling of plastics will not

²⁰ Bonsucro: <https://bonsucro.com/>

²¹ Roundtable on Sustainable Biomaterials: <https://rsb.org/>

²² Roundtable on Responsible Soy: <https://responsiblesoy.org/?lang=en>

²³ Rainforest Alliance: <https://www.rainforest-alliance.org/>

²⁴ Fair Trade Small-Scale Producer: https://files.fairtrade.net/standards/SPO_EN.pdf

²⁵ Fairtrade Hired Labor: https://files.fairtrade.net/standards/HL_EN.pdf

²⁶ Friends of Earth, "Standard and Certifications", at: <https://friendoftheearth.org/standards-and-certifications/>

²⁷ Global GAP Integrated Farm Assurance - Crops Base: <https://globalgapsolutions.org/annual-report-2022/products/ifa/>

²⁸ FSC: <https://fsc.org/en>

²⁹ PEFC: <https://pefc.org/>

- be financed under the Framework; and ii) recycling of e-waste or electrical and electronic waste will be accompanied by a robust waste management plan to mitigate the associated risks.
- Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Green Buildings category, the Bank intends to finance or refinance the acquisition, development, construction, retrofit, renovation or mortgage of buildings in accordance with the following criteria:
- Buildings that have achieved or are expected to achieve one of the following minimum certification levels: i) BREEAM Excellent;³⁰ ii) DGNB Gold;³¹ iii) LEED Gold;³² iv) EDGE Basic or Advanced;³³ v) Green Star 5;³⁴ vi) BCA Green Mark Gold;³⁵ or vii) other equivalent green building certifications. Sustainalytics views the certifications listed above and the levels selected to be credible but notes that it is market expectation to specify all eligible schemes and certifications in the Framework and encourages the Bank to report on any specific schemes and certifications it intends to use.
 - Buildings that lead to 20% improvements in emissions savings when compared with baseline buildings without energy-efficient design. Sustainalytics notes that retrofits that result in performance improvements of 20% will result in some environmental benefit but considers it market practice to ensure that retrofits will achieve emissions or energy performance improvements of at least 30%.
- Under the Blue Finance category, VPBank may finance or refinance the following:
- R&D, production, and packaging of products aimed at mitigating water or ocean pollution.
 - The raw materials used for such products will be bio-based materials such as biopolymers, bioplastics or bio-based materials that are RSB certified.³⁶ Sustainalytics notes that the extent of recycling of plastics is very low, with an estimated 9% of total global plastic waste having been recycled between 1950 and 2015, and further recognizes that improved recycling rates alone, even if attainable, will not fully address the holistic environmental issues associated with plastics.³⁷ In order to achieve full circularity, the industry needs to take substantial measures, including increased use of sustainably sourced alternative (low-carbon) materials that can be recycled indefinitely without quality loss.
 - The Bank has confirmed the exclusion of single-use plastics.
 - Implementation of measures to manage, reduce, recycle and treat plastic and chemical pollution in coastal and river basin areas. Plastics collection and recycling facilities, including plastic waste collection services (such as waste collection vehicles that meet Euro 5 standards, aligned with the Ministry of Transport of Vietnam's regulations) or infrastructure (such as waste bins). The waste will be segregated at source and will exclude chemical recycling of plastic.
 - Sustainalytics considers investments under this activity to be aligned with market practice.
 - Research, design and manufacturing of household products using a sustainable supply of raw materials that reduce the use of nitrogen and phosphorus or displace the use of harmful materials, such as plastics and microbeads, in the aquatic environment.
 - VPBank has confirmed to Sustainalytics that such projects will meet all of the following criteria: i) production with at least 90% recycled, renewable

³⁰ BREEAM: <https://bregroup.com/products/breeam/>

³¹ DGNB: <https://www.dgnb.de/en/index.php>

³² LEED: <https://www.usgbc.org/leed>

³³ EDGE: <https://edgebuildings.com/certify/certification/>

³⁴ Green Star: <https://new.gbca.org.au/green-star/rating-system/>

³⁵ BCA Green Mark: <https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-scheme/green-mark-2021>

³⁶ Roundtable on Sustainable Biomaterials: <https://rsb.org/>

³⁷ Unlike steel, glass and aluminium, plastics can only be recycled a finite number of times before disposal. In addition, recycled and bio-based plastics face end-of-life management issues similar to conventional (fossil fuel) plastics.

and/or bio-based input, with prioritization of bio-based materials that are sustainably sourced and recognized by credible certifications, such as RSB;³⁸ ii) products will not be intended for non-medical plastic packaging or single-use consumer products; and iii) products will not contain plastic packaging or include the use of single-use plastics. Sustainalytics notes that it is market expectation to specify all eligible schemes and certifications in the Framework and encourages the Bank to report on any specific schemes and certifications it intends to use.

- Sustainalytics considers investments under this activity to be aligned with market practice.
- Sustainable fisheries and seafood production certified by the Aquaculture Stewardship Council,³⁹ Global G.A.⁴⁰ or other equivalent sustainable fishery certifications. The Bank has confirmed to Sustainalytics that the financing will exclude fossil fuel equipment. Sustainalytics views the certifications listed above and the levels selected to be credible but notes that it is market expectation to specify all eligible schemes and certifications in the Framework and encourages the Bank to report on any specific schemes and certifications it intends to use.
- Implementation of water and waste management or reduction activities in shipping vessels, ports or terminals, such as ballast water treatment systems, wastewater treatment systems and waste collection and treatment services that support the source segregation of waste.
 - For ballast water treatment systems, VPBank has confirmed that it will comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) to prevent the spread of invasive alien species (e.g. ISO 11711).
 - Sustainalytics is of the opinion that the financed water and waste management or reduction projects under this category may provide positive environmental impacts and contribute to a reduction in the shipping sector's environmental footprint given that no new shipping assets will receive financing. Sustainalytics notes, however, that the above expenditures may be applied to conventionally fuelled shipping assets that utilize heavy-fuel oil, which Sustainalytics recognizes as not aligned with long-term climate objectives, noting that a low-emissions shipping sector will require ongoing advancements in low-carbon fuel use, propulsion technology, ship design and improved operational profiles. In this context, Sustainalytics views the financed activities to be a limitation in this Framework and encourages VPBank to prioritize financing for low-carbon shipping assets.
- Under the Climate Change Adaptation category, the Bank intends to finance or refinance the construction, development or retrofits of climate-resilient infrastructure. The Bank has committed to ensuring that such expenditures demonstrate a net GHG emissions reduction or equivalent evidence to measure the associated impacts. The Bank has confirmed that climate adaptation projects will be supported by a vulnerability assessment to identify potential climate risks and an adaptation plan to address the risks identified by the vulnerability assessment. The Bank has also confirmed that business-as-usual renovations and retrofits are excluded from financing under the Framework. Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Access to Essential Services – Financial Inclusion, Employment Generation, Socio-economic Advancement and Empowerment category, VPBank may finance or refinance the following:
 - Financial products and services, such as loans, letters of credit, guarantees and credit card services to micro, small and medium-size enterprises (MSMEs), and women-owned and -led MSMEs.
 - The Bank defines MSMEs as those that: i) have more than 50% of their share capital owned by the private sector; ii) are neither a related party nor an

³⁸ Roundtable on Sustainable Biomaterials: <https://rsb.org/>

³⁹ Aquaculture Stewardship Council: <https://www.asc-aqua.org/what-we-do/our-standards/>

⁴⁰ Global Good Agriculture Practices: <https://www.globalgap.org/>

- affiliate of VPBank; iii) conduct their business and operations primarily in Vietnam; and iv) either:
 - Borrow not more than USD 1 million from VPBank per loan; or
 - Meet two out of three of the following sub-criteria: a) have between 10 to 300 employees; b) have total assets of between USD 100,000 and USD 15 million; or c) have annual sales between USD 100,000 and USD 15 million.
- The Bank may also provide financial services to any person residing in Vietnam and representing a legal entity that meets the MSME criteria stated above. Sustainalytics notes that VPBank follows the criteria defined by the IFC, ADB and those required by its lenders for social loans.⁴¹
- VPBank defines women-owned and -led MSMEs as any MSME that: i) is at least 51% by vote and value owned by a woman or women; ii) is carried out, owned and operated by a woman or women; or iii) where:
 - At least 20% by vote and value is owned by a woman or women, and:
 - At least one woman is in a senior executive role, such as CEO, COO, president, vice president or similar senior executive management roles; and
 - Women represent at least 30% of the board of directors, managing board or committee.
- Sustainalytics considers the well-targeted approach for financing in developing economies, such as Vietnam, to be impactful in improving access to financing services to MSMEs and women-owned or -led MSMEs.
- Development, distribution and expansion of digital services to improve access to financial services for MSMEs. Potential expenditures include digital services, such as online overdraft, online disbursement, online auto-lending, MasterCard payment gateway services, electronic Know-Your-Customer, NEO Biz,⁴² online telegraphic transfer remittance, online guarantee and online payroll. VPBank has confirmed to Sustainalytics that its investments are limited to projects that bridge an existing digital connectivity gap and that it will report on the positive social impacts. Sustainalytics considers the socio-economic benefits of increasing access to digital services for MSMEs to be socially impactful.
- Agricultural, garment and textile activities⁴³ to integrate MSMEs and women-owned or -led MSMEs into the market and economy through international certifications, including⁴⁴ the Fairtrade Standard for Small-scale Producer Organizations⁴⁵ and the Fairtrade Standard for Hired Labour.⁴⁶ For certifications that meet the eligibility criteria for both green and social financing, VPBank has confirmed to Sustainalytics that the Bank will prioritize allocation to the green projects. The Bank will only allocate financing to social projects upon full allocation of green projects. Sustainalytics views the certifications listed selected above to be credible and socially impactful, but notes that it is market expectation to specify all eligible schemes and certifications in the Framework and encourages the Bank to report on any specific schemes and certifications it intends to use.
- Under the Access to Essential Services – Healthcare category, VPBank may finance or refinance medical facilities and hospitals that improve access to public and private⁴⁷ healthcare products and services in Vietnam, including:

⁴¹ IFC, "IFC's Definitions of Targeted Sectors", at: <https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors>

⁴² NEO Biz is an application developed by VPBank to provide financial services, such as internal money transfer and bill payments, to its customers.

⁴³ Garment and textile activities would exclude the use of dyeing chemicals that are harmful to the environment.

⁴⁴ This Second-Party Opinion is limited to the certifications expressly described in the Framework and those communicated by VPBank to Sustainalytics before the Evaluation Date.

⁴⁵ Fairtrade Standard for Small-scale Producer Organizations: <https://www.fairtrade.net/standard/spo>

⁴⁶ Fairtrade Standard for Hired Labour: <https://www.fairtrade.net/standard/hl>

⁴⁷ VPBank has communicated to Sustainalytics that financing private healthcare facilities and services will be limited to hospitals that have signed the agreement of medical examination and treatment with the Vietnam Health Insurance Organization. Furthermore, the Bank has confirmed to Sustainalytics

- Improving access to healthcare services, such as medical examinations, general and emergency treatments, vaccination, preventive health examinations, rehabilitation and examination and detection of occupational diseases. This also includes providing medicine and vaccines to the general public in Vietnam.
 - Recruitment, development, training and retention of staff in the public healthcare sector. VPBank has communicated to Sustainalytics that the retention of healthcare staff will include salaries and increments, and costs for training the staff.
 - Development, acquisition, adaptation, renovation, improvements and associated fixtures and fittings for healthcare infrastructure, such as hospitals and health centres.
 - Provision of healthcare machinery and equipment: i) diagnostic and life-saving equipment, such as ventilators and defibrillators; and ii) durable medical equipment such as radiotherapy.
 - Provision of digital and software infrastructure to improve healthcare services, such as electronic medical records, online insurance payment systems and status monitoring software for vaccines.
 - Financing vehicles associated with healthcare services, such as mobile testing vehicles and ambulances. VPBank has confirmed to Sustainalytics that the financing of vehicles will be restricted to those that meet Euro 5 emissions standards as per Vietnamese national law.⁴⁸
 - Sustainalytics recognizes the importance of promoting universal healthcare in a developing economy, such as Vietnam, and is of the opinion that such activities can create positive social impacts.
- Under the Access to Essential Services – Education and Vocational Training category, the Bank intends to finance or refinance the development of public educational institutions and public and private vocational training institutions targeted at children and people with disabilities⁴⁹ to provide an inclusive learning environment in Vietnam. Potential expenditures may include the following:
 - Development of infrastructure and facilities providing quality pre-primary, primary, lower secondary and upper secondary education, and vocational training.
 - Maintenance and upgrade of educational and vocational training facilities.
 - Recruitment and hiring of teachers and expenditures related to reading materials for educational and vocational training facilities.
 - The Bank has confirmed to Sustainalytics that: i) expenditures towards pre-primary, primary, lower secondary and upper secondary education will be limited to public schools; ii) expenditures towards private vocational training centres and schools for people with disabilities will be limited to educational institutions that are free or charge the same as the public institutes; and iii) expenditures related to schools for people with disabilities will be restricted to serve the targeted population.
 - Sustainalytics notes that expenditures for the defined target populations under this category is expected to generate positive social impacts.
 - Under the Affordable Housing category, the Bank may finance or refinance projects aimed at increasing access to housing, including offering mortgages to underserved marginalized buyers and providing house improvement loans to underserved homeowners in Vietnam. The Bank has

that the payment level of social insurance at private hospitals is equivalent to that of public hospitals, and financing will be limited to private hospitals that have specific free or affordable healthcare programmes for vulnerable groups.

Vietnam Social Security, "Tra cứu CSKCB ký hợp đồng khám, chữa bệnh BHYT", at: <https://baohiemxahoi.gov.vn/tracuu/Pages/cskcb-ky-hop-dong-kham-chua-benh-bhyt.aspx>

⁴⁸ Vietnam Ministry of Transport, "Chính thức áp dụng tiêu chuẩn khí thải mức 5 - Euro 5 tại Việt Nam từ ngày 1/1/2022", (2021), at: <https://mt.gov.vn/tk/tin-tuc/77484/chinh-thuc-ap-dung-tieu-chuan-khi-thai-muc-5--euro-5-tai-viet-nam-tu-ngay-1-1-2022.aspx>

⁴⁹ Generally, all vocational training institutions for people with disabilities in Vietnam are entitled to the government's preferential policies, so such institutes often provide free training or offer affordable tuition fees for people with disabilities. According to Law on Persons with Disabilities No. 51/2010/QH12 (2010), the government provides people with disabilities with vocational training cost support. The level of support is regulated by the government periodically. Currently, the support level is up to VND 6 million (USD 237) per person per course according to Decision No. 46/2015/QĐ-TTg in 2015. In addition, each province and city issues regulations on vocational training tuition fees for people with disabilities in their respective localities.

confirmed to Sustainalytics that the house improvement loans, when on sale, will be affordable after the retrofit.⁵⁰

- Potential expenditures will be limited to the following target populations:
 - Households living in poverty or near poverty in rural areas.⁵¹ Sustainalytics considers the well-targeted approach for financing housing with lower preferential interest rates⁵² in a developing economy, such as Vietnam, to be impactful in improving access to affordable housing.
 - The target populations may also include: i) households that are often affected by natural disasters or climate changes in rural areas;⁵³ ii) individuals living in low income,⁵⁴ poverty or near poverty in urban areas; iii) employees working for enterprises inside or outside the industrial zones;⁵⁵ and iv) households or individuals subject to land withdrawal and land clearance as prescribed without any compensation in the form of housing or residential land paid by the state.⁵⁶ Sustainalytics views expenditures according to such criteria can increase housing for the vulnerable and underserved in Vietnam, especially for individuals living in poverty and near poverty, including individuals in high-burden urban areas and industrial zones facing issues of affordability and access to credit.^{57,58}
 - However, Sustainalytics notes that loans provided to the remaining target populations⁵⁹ may also be directed towards beneficiaries other than households or individuals falling below or near the median income in Vietnam.⁶⁰ Sustainalytics notes that the criteria either do not include an income threshold or include the upper threshold for low income (VND 11 million, or USD 434 per month), which deviates from the median or near median income in Vietnam. In addition, Sustainalytics considers that the mortgages provided may not directly address the targeted populations' resilience to natural disasters or correlate to land withdrawal and clearance. Sustainalytics considers an emphasis on beneficiaries below or near median income to be socially impactful. VPBank intends to finance housing mortgages and loans for a broader spectrum of target

⁵⁰ The Bank has communicated to Sustainalytics that affordability is based on the provisions of Housing Law 2014 and Housing Law 2023, which is expected to take effect on 1 January 2025. The law mentions that social housing can only be transferred or resold to the investor or to the individual eligible to buy social housing with a price equal to the maximum selling price of social housing of the same type at the same location and time of sale.

⁵¹ The Framework defines low income, poverty or near-poverty according to Vietnam's Decree 07/2021/ND-CP on multidimensional poverty line for the 2022-25 period.

VPBank, "VPBank Sustainable Finance Framework", (2024), at: <https://www.vpbank.com.vn/en/ve-chung-toi/phat-trien-ben-vung>

⁵² Batdongsan, "Home loan interest rate in 10/2022: Best 4.99%", at: <https://batdongsan.com.vn/tai-chinh-chung-khoan-bat-dong-san/lai-suat-vay-mua-nha-ngan-hang-nao-thap-nhat-ar103041>

⁵³ VPBank has communicated to Sustainalytics that financing to such groups will be limited to home buyers listed in corresponding housing programmes of the Vietnamese state agency.

⁵⁴ Low-income individuals are defined as those whose total income does not meet the threshold to pay personal income tax. The revised threshold for such individuals in Vietnam includes individuals with income up to VND 11 million/month: at: <https://chicucthuequan1.gov.vn/nghi-quyet-954-2020-ubtvqh14-ve-dieu-chinh-muc-giam-tru-gia-canh-cua-thue-thu-nhap-ca-nhan/>

⁵⁵ VPBank has communicated to Sustainalytics that such employees fall under the low-income category i.e. those who are not obligated to pay regular income tax due to their low-income level, as prescribed by the Law on Personal Income Tax, or in case of in poverty or near-poverty households.

In addition, the Bank has confirmed that the threshold is restricted to the low-income employees i.e. with income up to VND 11 million/month, at: <https://chicucthuequan1.gov.vn/nghi-quyet-954-2020-ubtvqh14-ve-dieu-chinh-muc-giam-tru-gia-canh-cua-thue-thu-nhap-ca-nhan/>

⁵⁶ VPBank has communicated to Sustainalytics that financing will be limited to home buyers who can prove that their housing asset belongs to the list of assets recognized by the relevant authority for land withdrawal or clearance, where compensation is due.

⁵⁷ Seo D, Chung YS, Kwon Y., "Price Determinants of Affordable Apartments in Vietnam: Toward the Public-Private Partnerships for Sustainable Housing Development. Sustainability", (2018), at: <https://doi.org/10.3390/su10010197>

⁵⁸ Hoa, T. Q. H., & Dinh Tuyen, P., "Social Housing for Workers in Industrial Zones in Vietnam - Concepts and Practical Solutions towards Sustainable Development. The Case Studies of Hanoi City", International Journal of Sustainable Construction Engineering and Technology, 12(1), pp. 240-258, at: <https://penerbit.uthm.edu.my/ojs/index.php/IJSCET/article/view/8569>

⁵⁹ Target population that: i) are affected by natural disasters, ii) are living in low income range in urban areas, or iii) are working for enterprises inside or outside the industrial zones, and have not received compensation in case of land withdrawal or clearance.

⁶⁰ Sustainalytics considers targeting beneficiaries having income below or near the median income to be good practice for affordable housing projects. The General Statistics Office of Vietnam reported VND 7.5 million as the second income quintile in 2024, which is near the median income of Vietnam. General Statistics Office of Vietnam, "Statistical Yearbook of Viet Nam 2024", at: <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2024/07/nhung-diem-tich-cuc-va-han-che-cua-thi-truong-lao-dong-viet-nam-quy-ii-va-6-thang-dau-nam-2024/>

populations, including beneficiaries with an income other than below or near the median income in Vietnam, but Sustainalytics notes that the criteria go beyond focusing on below or near median income beneficiaries. Sustainalytics notes that the aforementioned criteria may have a limited impact on affordability and accessibility of homes for households or individuals falling below the median or near the median income in Vietnam and, as such, Sustainalytics considers the aforementioned criteria to be a limitation based on what Sustainalytics considers to be good practice. Nonetheless, Sustainalytics acknowledges that the affordable housing criteria will be consistent with Vietnam's social housing policy and relevant laws. Furthermore, Sustainalytics encourages VPBank to prioritize lending to beneficiaries with income below or near the median income in Vietnam to ensure and maximize the social benefit and report on the impacts on beneficiaries.

- VPBank has confirmed to Sustainalytics that it will perform the necessary due diligence when providing loans to understand the borrower's financial situation, mitigate the borrower's risk and ensure that they understand the terms of the loans to avoid predatory lending and ensure that the loan aligns with the social housing policies and decrees. In addition, the Bank intends to finance social housing projects in line with the Vietnamese government's social housing programme focused on low-income populations in urban areas.^{61,62}
- Sustainalytics considers the Bank's interest rates to be low compared with other banks in Vietnam and notes that the Bank may provide flexible loans with a long tenure period. This may enable the target populations to access loans more easily and Sustainalytics, therefore, acknowledges the expected positive social impacts.
- Under the Affordable Basic Infrastructure category, the Bank intends to finance or refinance projects focused on the development of public infrastructure in underserved areas⁶³ of Vietnam, including:
 - Providing access to clean drinking water, sanitation facilities and associated infrastructure, such as collection, treatment and distribution infrastructure; and sewage and septic tanks in areas without access or with lesser accessibility to such facilities. The Bank has confirmed to Sustainalytics that the activities financed will exclude the treatment of water from fossil fuel operations, and that financing may include desalination plants that meet the following criteria: i) are powered by low-carbon sources, such as renewables; or ii) the average carbon intensity of the electricity used for desalination is at or below 100 gCO₂e/kWh. The Bank will also ensure reasonable assurance of appropriate waste management plan for brine disposal for desalination projects.
 - Developing public infrastructure, such as bridges and road networks in underserved areas that face connectivity issues. The Bank has confirmed to Sustainalytics that such activities will exclude the development and upkeep of major roads and highways.
 - Developing telecommunications networks and related infrastructure, such as terrestrial mobile telecommunication services, telecommunication base stations, television services, communications and internet services in underserved areas⁶⁴ that

⁶¹ The Bank has communicated that social housing investors are responsible for inspecting the conditions of subjects eligible to purchase social houses under their projects according to the provisions of Law on Housing and guiding decrees. The list of individuals eligible to buy social housing, after being made by the investor, will be sent to the local department of construction and the people's committee of the community where the project is located for reinspection. VPBank will check the investor's written notice of eligibility to buy social housing and at the same time check other documents, such as the Social Housing Purchase Contract and List of Social Housing Buyers publicly announced by the investor.

⁶² Ministry of Construction, "Social housing development in 2021-2025 requires over 9.6 billion USD", (2021), at: <https://moc.gov.vn/en/Pages/Detailnews.aspx?IDNews=69365&tieude=social-housing-development-in-2021-2025-requires-over-9-6-billion-usd.aspx>

⁶³ VPBank has communicated to Sustainalytics that underserved areas as per Decision 33/2020/QĐ-TTg refer to communities that live under the poverty line in coastal and island areas, border areas or mountainous areas with a large population or minor ethnic communities.

⁶⁴ VPBank has confirmed to Sustainalytics that the underserved areas deemed for the development of telecommunication networks, are areas with: i) substantially inadequate connectivity (less than 10 Mbit/s for fixed-broadband subscriptions), as per International Telecommunication Union's framework; or ii) with no mobile broadband, 3G or above.

- face connectivity issues. The Bank has confirmed to Sustainalytics that such services will be provided at an affordable rate.
- Sustainalytics considers these expenditures to be socially impactful.
 - In accordance with the exclusionary criteria in the Framework, proceeds will not be allocated to projects or assets directly linked to alcohol, gambling, tobacco, coal-fired power plants, weapons, pornography, prostitution, radioactive materials, illegal activities, and forced labour and child labour. For a full list of exclusionary criteria, please refer to Section 2.2.2 in the Framework. Sustainalytics views positively the Framework's inclusion of the exclusionary criteria.
 - Project Evaluation and Selection:
 - VPBank's Environmental & Social (E&S) Specialists,⁶⁵ Sustainable Finance Specialists,⁶⁶ Appraisal Unit⁶⁷ and Credit Committee⁶⁸ will be responsible for evaluating and selecting eligible projects or assets in line with the eligibility criteria in the Framework.
 - VPBank has established a multistep assessment process. Relationship managers in each business segment will do an initial screening for projects or assets that: i) are in line with the eligibility criteria in the Framework; ii) fulfil VPBank's internal E&S requirements; and iii) are in line with the exclusionary criteria stated in the Framework. The relationship managers will then submit the eligible projects to the E&S Specialists, Sustainable Finance Specialists and Appraisal Unit for review before obtaining final approval from the Credit Committee.
 - VPBank has in place an E&S screening and assessment system in the approval and monitoring process overseen by its E&S specialists, which are applicable to all allocation decisions under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with the requirements of GBP, SBP, GLP and SLP. For additional details, see Section 2.2.
 - Based on the cross-functional oversight of project selection and the presence of an E&S risk management process, Sustainalytics considers the process to be in line with market practice.
 - Management of Proceeds:
 - VPBank's Balance Sheet Management Department will be responsible for the management and allocation of proceeds on a portfolio basis through its centralized database, which tracks all relevant transactions.
 - VPBank intends to fully allocate all proceeds within 36 months of issuance. Pending allocation or reallocation, unallocated proceeds will be temporarily held in cash, cash equivalents or marketable instruments.
 - VPBank has communicated to Sustainalytics that it does not intend to issue multi-tranche loans under the Framework. However, should such issuances occur, VPBank has confirmed that it will only label those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
 - Based on the established centralized tracking database and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - VPBank commits to report on the allocation of proceeds on an annual basis until full allocation. In addition, VPBank intends to report on relevant green and social impact metrics on a project or portfolio level on an annual basis. VPBank has communicated to Sustainalytics that it may, where feasible, disclose the allocation and impact reports publicly through its Sustainable Development Report or its Annual Report.
 - Allocation reporting may include the amount of proceeds allocated to eligible projects and assets, the proportion of net proceeds allocated and remaining balance of unallocated proceeds and the proportion of proceeds allocated to financing and refinancing projects.
 - Impact reporting may include both green and social metrics, such as annual GHG emissions reduced or avoided (in tCO₂e/year); amount of waste reduced or recycled (in tonnes); annual

⁶⁵ E&S Specialists are officers from the E&S Department with E&S expertise for assessing potential E&S risks of the credit applications.

⁶⁶ Sustainable Finance Specialists are officers from the Financial Market and Transaction Banking Division and are responsible for the selection and evaluation of transactions' labelling as green, social or sustainability finance instruments.

⁶⁷ Officers from the Appraisal Unit are from the Re-appraisal Department for Corporate Clients or Retail and SMEs under the Credit Division or Credit Underwriting Centre under the Operations Division.

⁶⁸ The Credit Committee comprises the chairman, secretary and representatives from the Risk Management Division, Business Division and other relevant units.

water savings (in m³/year); maintenance, safeguarding and increase of natural landscape area (in km² or %); annual absolute gross amount of wastewater treated, reused or avoided before and after the project (in m³ or %); list of third-party environmental certifications received; number of jobs created; number of affordable housing loans disbursed; number of people with access to healthcare services; number of students educated; and number of people with access to clean water.

- VPBank has communicated to Sustainalytics that it does not intend to issue revolving credit facilities under the Framework. However, should such issuances occur, VPBank has confirmed that it will continue reporting on the impact and allocation of proceeds until the maturity of such facilities.
- Based on the Bank's reporting commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the VPBank Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP.

Section 2: Sustainability Strategy of VPBank

Contribution to VPBank's sustainability strategy

Sustainalytics is of the opinion that VPBank demonstrates a commitment to sustainability by encompassing six key action areas under its ESG pillars: i) growing sustainable finance; ii) accelerating economic efficiency; iii) minimizing energy consumption; iv) ensuring fairness, accountability and transparency in products and services; v) environmental and social risks occurring from projects with irreversible impacts; and vi) health and safety at work.

VPBank implemented a Green Credit Program in 2020 to scale and diversify investments in relevant green themes, such as renewable energy, sustainable transportation, sustainable water and wastewater treatment. In 2022, VPBank also established a 5-year development strategy from 2022-26 to support local businesses and reduce their carbon footprints.⁶⁹ In 2023, the outstanding green credit loan increased by 70% compared with the 2022 baseline, reaching outstanding debt of VND 14.77 trillion (USD 583 million).⁷⁰ In 2023, VPBank's outstanding credit portfolio in sustainable finance included renewable energy and clean energy (VND 2,796.3 trillion or USD 110 million), recycling, reusing and circular economy (VND 1,689 trillion or USD 66.69 million), waste treatment and pollution control (VND 79.1 trillion or USD 3.11 million), sustainable transportation (VND 91,625 trillion or USD 36.05 million), sustainable water management and wastewater treatment (VND 68 trillion or USD 2.67 million), agriculture, forestry and sustainable land use (VND 847.5 trillion or USD 33.34 million), environmentally friendly technology (VND 132.1 trillion or USD 5.19 billion) and supporting MSMEs (VND 18,103 trillion or USD 712.35 million) and women-owned SMEs (VND 15,627 trillion or USD 614.92 million).⁷¹

In line with Vietnam's Sustainable Development Strategy,⁷² the Bank offers affordable financial solutions and advanced digital services to MSMEs and women-owned or -led enterprises. In 2023, the Bank implemented a loan package with interest rate reductions of 1% for women-owned or -led MSMEs for first-time payments.⁷³ Additionally, VPBank was one of five banks in Vietnam that sanctioned a USD 5 million grant project for Covid-19 impact relief for women-led SMEs through the Women Entrepreneurs Finance Initiative in 2023.⁷⁴ Furthermore, the Bank and the Asian Development Bank initiated a joint study with a budget of USD 750,000 to improve financial access for women-owned and -led MSMEs, such as preferential interest rates, expanding business network, customer support and capacity building.⁷⁵ The Bank also supports the 2X Challenge, a 2018 global initiative to accelerate women's economic empowerment in developing countries.⁷⁶

⁶⁹ VPBank, "Annual Report 2023", (2023), at: <https://www.vpbank.com.vn/-/media/f305543e6f1d40b88d4426ed45e5628d.ashx>

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² United Nations Viet Nam, "One Strategic Framework for Sustainable Development 2022-2026", (2022), at: <https://vietnam.un.org/en/209181-one-strategic-framework-sustainable-development-2022-2026>

⁷³ VPBank, "Annual Report 2023", (2023), at: <https://www.vpbank.com.vn/-/media/f305543e6f1d40b88d4426ed45e5628d.ashx>

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Ibid.

VPBank was among the top 20 companies listed on the Ho Chi Minh Stock Exchange with the highest Vietnam Sustainability Index, and it has remained in the top 20 for five consecutive years until 2023.^{77,78} The Bank also received the highest ESG score in Fair Finance Vietnam's 2022 Sustainable Finance Bank Policy assessment out of 10 banks with the highest market capitalizations in Vietnam.^{79,80}

Sustainalytics is of the opinion that the VPBank Sustainable Finance Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities. Nevertheless, Sustainalytics encourages VPBank to develop quantitative and time-bound targets and report on the same.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to generate positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Sustainalytics acknowledges that the Bank plays a limited role in the development of the projects and the financed assets, but it remains exposed to environmental and social risks associated with the projects that it may finance or refinance through its lending activities. Some key environmental and social risks possibly associated with the eligible projects may include issues involving land use change and biodiversity issues associated with large-scale infrastructure development; emissions, effluents and waste generated in construction, manufacturing and production; occupational health and safety; human rights; business ethics; predatory lending or over-indebtedness of financially vulnerable individuals; and community relations.

Sustainalytics is of the opinion that VPBank is able to manage and/or mitigate potential risks through implementation of the following:

- For risks related to land use change and biodiversity issues, as well as emissions, effluents and waste, VPBank has established an environmental and social management system (ESMS) in 2016, which is overseen by the Legal and Compliance Division, to integrate the consideration of environmental and social (E&S) risks into its credit granting activities.⁸¹ The ESMS is aligned with the State Bank of Vietnam's Circular No. 17/2022/TT-NHNN on environmental risk management in credit granting activities⁸² and IFC's Performance Standards on Environmental and Social Sustainability.⁸³ VPBank utilizes the ESMS to screen and classify the severity of environmental and social risks to identify appropriate risk management measures and ineligible projects that fall under its exclusionary list.^{84,85}
- Regarding occupational health and safety, and human rights, VPBank's vendors are required to comply with Vietnam's Labour Code⁸⁶ and the Bank's internal ESMS requirements to address occupational health and safety, human rights and social security concerns.⁸⁷ VPBank also addresses human rights risks through its exclusionary list, which covers forced labour and child labour, and compliance with Vietnam's Labour Code.⁸⁸
- To mitigate risks associated with business ethics, VPBank abides by the Anti-Money Laundering Law,⁸⁹ its internal anti-corruption policies and its Code of Conduct, which detail the Bank's

⁷⁷ HOSE, "Rổ cổ phiếu VNSI", at: <https://www.hsx.vn/Modules/Listed/Web/StockIndexView/188802577>

⁷⁸ VPBank, "Annual Report 2023", (2023), at: <https://www.vpbank.com.vn/-/media/f305543e6f1d40b88d4426ed45e5628d.ashx>

⁷⁹ Fair Finance Asia is a regional network of more than 90 Asian civil society organizations committed to ensuring that financial institutions' funding decisions in Asia respect the social and environmental well-being of local communities.

⁸⁰ Fair Finance Asia, "Sustainable Finance Bank Policy Assessment in Vietnam", at: <https://vietnam.fairfinanceasia.org/policy-assessment/>

⁸¹ Ibid.

⁸² Government of Vietnam, "Thông t' 17/2022/TT-NHNN", (2022), at: <https://congbao.chinhphu.vn/loi-dung-van-ban-so-17-2022-tt-nhnn-38402>

⁸³ IFC, "IFC's Performance Standards on Environmental and Social Sustainability", (2012), at: <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards>

⁸⁴ VPBank, "Annual Report 2023", (2023), at: <https://www.vpbank.com.vn/-/media/f305543e6f1d40b88d4426ed45e5628d.ashx>

⁸⁵ VPBank, "VPBank's exclusion list", at: <https://www.vpbank.com.vn/-/media/VPBank%20Latest/8aboutvpbank/Phat-trien-ben-vung/EvS-Exclusion-list-2022VPBanktrans.pdf>

⁸⁶ Vietnam Ministry of Labour, War Invalids and Social Affairs, "The Viet Nam Labour Code 2019", (2019), at: https://boluatlaodong2019.molisa.gov.vn/lang_en/topic/viet_nam_labour_code/index

⁸⁷ VPBank, "Annual Report 2023", (2023), at: <https://www.vpbank.com.vn/-/media/f305543e6f1d40b88d4426ed45e5628d.ashx>

⁸⁸ Government of Vietnam, "Labour Code of Socialist Republic of Vietnam", (2002), at: https://asean.org/wp-content/uploads/2016/08/Doc-9_Vietnam60.pdf

⁸⁹ Government of Vietnam, "Luật số 14/2022/QH15 của Quốc hội: Luật phòng, chống rửa tiền", (2022), at: <https://vanban.chinhphu.vn/?pageid=27160&docid=207710&classid=1&typegroupid=3>

procedures and adherence to regulations to manage corruption, financial crimes and conflicts of interest.⁹⁰ VPBank also has an internal complaint or whistleblowing mechanism in place.⁹¹

- For risks associated with predatory lending and over-indebtedness of financially vulnerable individuals, VPBank's sustainability mission emphasizes responsible lending practices, and fair and equitable financing.⁹² This includes mitigating E&S risks through its ESMS, ensuring transparency in their products and service, as well as regular engagement with individuals and businesses.⁹³ Its Code of Conduct also outlines how the Bank helps its customers to make informed financial decisions that are fair and honest.⁹⁴
- Regarding community relations, VPBank's customers are required to develop and implement an E&S Action Plan if their business plans do not comply with VPBank's E&S policies. VPBank also monitors the E&S compliance of its customers throughout the life cycle of their loans to minimize potential negative impacts on the environment and the community, especially the livelihoods of local and Indigenous communities.⁹⁵

Based on these policies, standards and assessments, Sustainalytics is of the opinion that VPBank has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All 15 use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP and SLP. Sustainalytics has focused on two categories below where the impact is specifically relevant in the local context.

Importance of financing renewable energy and energy efficiency projects in Vietnam

In 2021, the energy sector accounted for approximately 65% of Vietnam's GHG emissions.⁹⁶ As of 2023, fossil fuels represented 77.25% of the primary energy consumption.⁹⁷ On the other hand, low-carbon sources represented only 22.8%, with the industry sector accounting for the largest share of final energy consumption followed by the residential and transport sectors.⁹⁸ In addition, Vietnam's electricity demand has surged by an average of 8% annually over the past 10 years, reaching 251 TWh in 2023.⁹⁹ In 2023, fossil fuels accounted for 57.6% of the electricity generated in Vietnam.¹⁰⁰

To address its reliance on fossil fuels, the Vietnamese government signed the Global Coal to Clean Power Transition Statement at COP26 to phase out coal power generation by the 2040s and achieve net zero emissions by 2050.¹⁰¹ To reduce the energy sector's emissions intensity, the Vietnamese government aims to develop 36 GW of renewable energy installations by 2040, an increase from the installed capacity of 16.5 GW in 2020.¹⁰² Vietnam has also established the Vietnam Energy Efficiency Program (the "Program") (2019-2030), which intends to save approximately 8-10% of total national energy consumption by 2030, particularly 5-25% in the industrial sector and 5% of fuel combustion in the transport sector by 2030 compared with a 2019 baseline.¹⁰³ The Program proposes two strategies: i) enhancing energy use efficiency and improving energy performance to reduce energy loss; and ii) revising the energy source structure to reduce fossil fuel

⁹⁰ VPBank, "Code of Conduct of Vietnam Prosperity Joint-Stock Commercial Bank", (2013), at:

https://www.vpbank.com.vn/sites/default/files/code%20of%20conduct%20VPBank_E%20-%20revised.pdf

⁹¹ VPBank, "Annual Report 2023", (2023), at: <https://www.vpbank.com.vn/-/media/f305543e6f1d40b88d4426ed45e5628d.ashx>

⁹² VPBank, "Annual Report 2023", (2023), at: <https://www.vpbank.com.vn/-/media/f305543e6f1d40b88d4426ed45e5628d.ashx>

⁹³ Ibid.

⁹⁴ VPBank, "Code of Conduct of Vietnam Prosperity Joint-Stock Commercial Bank", (2013), at:

https://www.vpbank.com.vn/sites/default/files/code%20of%20conduct%20VPBank_E%20-%20revised.pdf

⁹⁵ VPBank, "Annual Report 2023", (2023), at: <https://www.vpbank.com.vn/-/media/f305543e6f1d40b88d4426ed45e5628d.ashx>

⁹⁶ Economic Research Institute for ASEAN and East Asia, "Energy Outlook and Energy Saving - Potential East Asia 2023", (2023), at:

https://www.eria.org/uploads/media/Books/2023-Energy-Outlook/23_Ch.17-VietNam.pdf

⁹⁷ Our World in Data, "Vietnam: Energy Country Profile", (2023), at: <https://ourworldindata.org/energy/country/vietnam#what-sources-does-the-country-get-its-energy-from>

⁹⁸ International Energy Agency, "Viet Nam", at: <https://www.iea.org/countries/viet-nam/efficiency-demand#how-is-energy-used-in-viet-nam>

⁹⁹ Electricity and Renewable Energy Authority, Vietnam, "Viet Nam Energy Outlook Report - Pathways to Net-Zero", (2024), at:

https://ens.dk/sites/ens.dk/files/Globalcooperation/1_eor-nz_english_june2024_0.pdf

¹⁰⁰ Our World in Data, "Vietnam: Energy Country Profile", (2023), at: <https://ourworldindata.org/energy/country/vietnam#what-sources-does-the-country-get-its-electricity-from>

¹⁰¹ World Bank Group, "Vietnam: Country Climate and Development Report", (2022), at: <https://www.ifc.org/content/dam/ifc/doc/mgrr/ccdr-overview-vietnamese.pdf>

¹⁰² Ibid.

¹⁰³ Electricity and Renewable Energy Authority, "Viet Nam Energy Outlook Report - Pathways to Net-Zero", (2024), at:

https://ens.dk/sites/ens.dk/files/Globalcooperation/1_eor-nz_english_june2024_0.pdf

consumption, promoting efficient use of renewable energy in energy production and consumption, and reducing overall GHG emissions.¹⁰⁴ Moreover, the Vietnamese government has approved the National Energy Master Plan (NEMP) for the 2021-30 period to achieve net zero by 2050.¹⁰⁵ The NEMP aims to have renewable energy account for 15-20% of electricity supply by 2030 compared with a baseline of 7.5% in 2019.^{106,107} To achieve these goals, it is estimated that Vietnam will need up to VND 4.8 quadrillion (USD 197.4 billion) as investment capital between 2021 and 2030.¹⁰⁸

Based on the above context, Sustainalytics is of the opinion that VPBank's financing of renewable energy and energy efficiency projects is expected to contribute to Vietnam's transition to a low-carbon economy and realization of national climate targets.

Importance of financing MSMEs and women-owned and -led MSMEs to facilitate employment generation in Vietnam

Access to financial services is a key component of global economic development due to its high correlation with increased access to other basic services, such as housing, healthcare and education.¹⁰⁹ It also reduces poverty and allows individuals to accumulate savings, access financial education resources and take advantage of financial opportunities.¹¹⁰ In addition, improving financial services for MSMEs is important as a June 2023 ASEAN report found that they account for 44.8% of the GDP and 85% of employment in ASEAN countries.¹¹¹ Despite their economic importance, MSMEs face significant barriers in accessing finance, often due to their lack of credit history or collateral that are necessary for financial assistance.¹¹² It is estimated that 41% of formal MSMEs¹¹³ in developing countries have an annual financing gap of USD 5 trillion, which is 1.3 times the level of global MSME financing.¹¹⁴ In particular, women-owned MSMEs account for 32% of the MSME financing gap.¹¹⁵

MSMEs represent 96% of all businesses operating in Vietnam and generate 36% of total employment.¹¹⁶ Despite their importance, formal MSMEs in Vietnam face a financing gap of USD 23.6 billion, which is 2.1 times the current financing volume of USD 11.2 billion.¹¹⁷ In the MSME sector in Vietnam, 20% of active enterprises are women-owned, with the majority (97%) being micro and small enterprises.¹¹⁸ These women-owned SMEs face several challenges that prevent them from maximizing their economic potential, including: i) limited access to finance and technology; ii) limitations of collateral requirements; iii) inadequate levels of financial and digital literacy; iv) high interest rates; v) limited opportunities for capacity development; and vi) socio-cultural norms.¹¹⁹ In 2019, it was reported that women-owned MSMEs failed to apply for a loan or were rejected due to lack of collateral (32%), weak or lack of business plans (27%), poor credit history (12%) or inadequate loan documents (12%).¹²⁰ Moreover, the financing gap of women-owned MSMEs in Vietnam is estimated to be USD 1.19 billion, highlighting inadequate access to financial services.¹²¹ To address these issues, the Government of Vietnam introduced the Law on Support for Small- and Medium- Enterprises in 2018 to provide support for MSMEs in areas such as access to credit, tax and accounting support, legal advice and

¹⁰⁴ World Bank, "Vietnam - National Energy Efficiency Program 2019-2030", at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/598851561961183317/vietnam-national-energy-efficiency-program-2019-2030>

¹⁰⁵ Shira, D. et al. (2023), "Vietnam's National Energy Master Plan: Key Takeaways", Vietnam Briefing, at: <https://www.vietnam-briefing.com/news/vietnams-national-energy-master-plan-key-takeaways.html/>

¹⁰⁶ Ibid.

¹⁰⁷ Climate Transparency, "Climate Transparency Report: Vietnam's Climate Action and Responses to the COVID-19 Crisis", (2020), at: <https://www.climate-transparency.org/wp-content/uploads/2021/11/Vietnam-CP2020.pdf>

¹⁰⁸ Shira, D. et al. (2023), "Vietnam's National Energy Master Plan: Key Takeaways", Vietnam Briefing, at: <https://www.vietnam-briefing.com/news/vietnams-national-energy-master-plan-key-takeaways.html/>

¹⁰⁹ UNSGSA, "Financial inclusion", at: <https://www.unsgsa.org/financial-inclusion>

¹¹⁰ World Bank, "The Global Findex Database", (2021), at: <https://globalfindex.worldbank.org/>

¹¹¹ ASEAN for Business, "Monthly Bulletin June 2023", at: <https://asean.org/wp-content/uploads/2023/07/ASEAN-for-Business-Bulletin-June-2023.pdf>

¹¹² ADB, "Q&A; How Can Fintech Close the Finance Gap for the Region's Smallest Businesses?", (2024), at: <https://www.adb.org/news/features/qa-how-can-fintech-close-finance-gap-for-regions-smallest-businesses>

¹¹³ This excludes informal MSMEs, which are not registered or loosely registered, not in a formal legal institution and lacking a well-defined legal status. ESCAP, "Describing MSMEs in the informal sector", at: <https://msmepolicy.unescap.org/describing-msmes-informal-sector>

¹¹⁴ SME Finance Forum, "MSME Finance Gap", at: <https://www.smeffinanceforum.org/data-sites/msme-finance-gap>

¹¹⁵ Ibid.

¹¹⁶ OECD, "SME and Entrepreneurship Policy in Viet Nam", (2021), at: https://www.oecd.org/en/publications/sme-and-entrepreneurship-policy-in-vietnam_30c79519-en.html

¹¹⁷ SME Finance Forum, "MSME Finance Gap", at: <https://www.smeffinanceforum.org/data-sites/msme-finance-gap>

¹¹⁸ ADB, "Facilitating Entrepreneurship Growth by Lifting Barriers: A White Book on Women-Owned Small and Medium-Sized Enterprises in Viet Nam", (2023), at: <https://www.adb.org/sites/default/files/publication/940406/white-book-women-owned-smes-viet-nam.pdf>

¹¹⁹ UNESCAP, "The SME Law and Its Impact on Women Entrepreneurs in Vietnam", (2022), at: <https://www.unescap.org/sites/default/d8files/knowledge-products/21Jan22-CWE-VietnamReport.pdf>

¹²⁰ Ibid.

¹²¹ IFC, "Women-owned enterprises in Vietnam: Perceptions and Potential", (2017), at: <https://documents1.worldbank.org/curated/en/698121515566252663/pdf/121280-v2-WP-VN-ENGLISH-Market-study-on-Women-owned-enterprises-in-Vietnam-PUBLIC.pdf>

human resource development, where priority is given to women-owned MSMEs.¹²² A Small- and Medium-sized Enterprise Development Fund was also established in 2019 to provide financing to MSMEs with preferential interest rates to participate in industrial clusters and value chains.^{123,124} Furthermore, the Government of Vietnam issued Decree No. 80/2021/ND-CP in 2021, which included additional provisions for women-owned MSMEs, such as higher funding caps for business advisory services, free tuition for entrepreneurship training and 100% reimbursement of online training course fees.¹²⁵

Based on this context, Sustainalytics is of the opinion that VPBank’s investments under the Framework are expected to facilitate MSME financing, bridge gender financing divides and enhance employment generation while supporting economic growth in Vietnam.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the VPBank Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
		6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

¹²² The Supreme People’s Court of the Socialist Republic of Vietnam, “Law on Support for Small- and Medium-sized Enterprises”, (2018), at: <https://www.toaan.gov.vn/webcenter/portal/spc/document-detail?dDocName=TOAAN011016&Keyword=>

¹²³ Ibid.

¹²⁴ Vietnam Plus, “SMEs offered loans at preferential rates of 1.2-4.4%”, (2024), at: <https://en.vietnamplus.vn/smes-offered-loans-at-preferential-rates-of-12-44-post284351.vnp>

¹²⁵ Government of Vietnam, “Nghị định số 80/2021/NĐ-CP của Chính phủ: Quy định chi tiết và hướng dẫn thi hành một số điều của Luật Hỗ trợ doanh nghiệp nhỏ và vừa”, (2021), at: <https://vanban.chinhphu.vn/default.aspx?pageid=27160&docid=203941>

Pollution Prevention and Control	12. Responsible Consumption and Production	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
Green Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Blue Finance	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.
Climate Change Adaptation	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Access to Essential Services – Financial Inclusion, Employment Generation, Socio-economic Advancement and Empowerment	9. Industry, Innovation and Infrastructure	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
Access to Essential Services – Healthcare	3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality, and affordable essential medicines and vaccines for all
Access to Essential Services – Education and Vocational Training	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe, and affordable housing and basic services and upgrade slums
Affordable Basic Infrastructure	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Conclusion

VPBank has developed the VPBank Sustainable Finance Framework, under which it intends to issue sustainable financial instruments and use the proceeds to finance or refinance, in whole or in part, existing or future projects under the following categories: Renewable Energy; Energy Efficiency; Clean Transport; Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes; Sustainable Water and Wastewater Management; Environmentally Sustainable Management of Living Natural Resources and Land Use; Pollution Prevention and Control; Green Buildings; Blue Finance; Climate Change Adaptation; Access to Essential Services – Financial Inclusion; Employment Generation; Socio-economic Advancement and Empowerment; Access to Essential Services – Healthcare; Access to Essential Services – Education and Vocational Training; Affordable Housing; and Affordable Basic Infrastructure. Sustainalytics considers that the investments issued under the Framework are expected to provide positive environmental and social impacts.

VPBank Sustainable Finance Framework outlines a process for tracking, allocating and managing proceeds and makes commitments for VPBank to report on the allocation and impact. Sustainalytics believes that the Framework is aligned with VPBank's strategy and that the use of proceeds categories will contribute to the advancement of UN Sustainable Development Goals 3, 4, 6, 7, 9, 11, 12, 13, 14 and 15. Additionally, Sustainalytics is of the opinion that the Bank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that VPBank is well positioned to issue sustainable financial instruments and that the VPBank Sustainable Finance Framework is robust, transparent and in alignment with the four core components of the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP), Green Loan Principles 2023 (GLP) and Social Loan Principles 2023 (SLP).

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