ESG INSIGHTS 2026

INSIGHT 3: CLIMATE DISCLOSURE AND CONNECTING FINANCIAL INFORMATION

From Climate Data to the Language of Capital Markets

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PART 1:

Introduction: Climate disclosure is no longer just an esg story

For many years, climate disclosure was viewed as an extension of ESG reporting - voluntary, qualitative, and used more for communications than for financial decision-making. The global context has now changed fundamentally. The issuance of IFRS S1 and IFRS S2 by the International Sustainability Standards Board (ISSB) has shifted climate disclosure from an ESG issue to a financial and strategic one.

Climate change is increasingly recognized as a systemic financial risk that directly affects strategy, cash flow, and the long-term viability of businesses. Physical risks such as floods, droughts, and storms can damage assets, disrupt supply chains, and increase insurance costs. Transition risks such as regulatory changes, carbon pricing, and shifts in consumer preferences can erode asset value, raise compliance costs, and reshape competitive dynamics. In Vietnam, the Net Zero 2050 commitment is creating growing pressure to identify, measure, and manage climate risk.

IFRS S1/S2 do not ask companies to "report more". They ask companies to present information that is directly relevant to investor decision-making - especially how climate factors affect cash flow, access to capital, cost of capital, and enterprise value over the long term.

The core of IFRS S1/S2 is not the number of indicators disclosed. It lies in a structural concept: connected information, where the role of the CFO becomes central.

This report analyzes the readiness of **261 Vietnamese listed companies** to disclose climate risks and opportunities, focusing not only on the extent of ESG disclosure but on the ability to connect sustainability information with financial reporting - the critical factor if ESG is to support investment decisions in a meaningful way. The report also places Vietnam in an international context through comparison with the development models of Europe and Singapore.

Objective and audience

- CFOs
- Finance teams
- Banks
- Investors

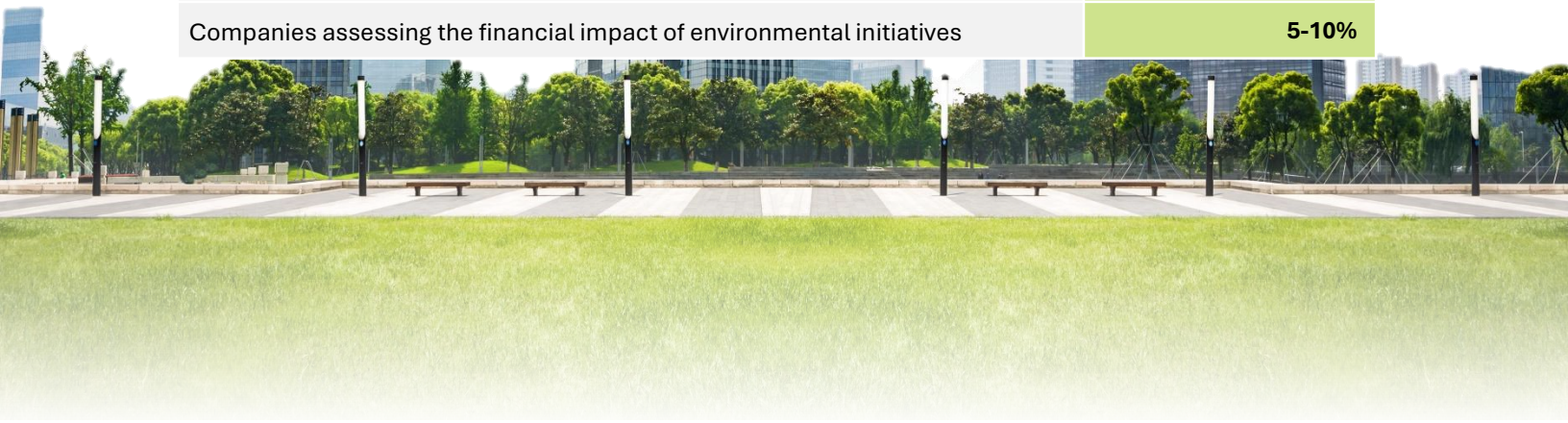
→ those who need to assess whether climate information can actually be used for financial decision-making.

The central question is not "Do companies disclose?" but rather "Can the disclosed information be reconciled with the financial statements?"

Key figures

Table summary of key metrics

Total listed companies surveyed	261
Companies with a standalone sustainability report	**35 (13,4%)**
Companies in the financial sector	**38 (14,6%)**
Companies disclosing no climate element at all (0/5)	**~76%**
Companies disclosing Scope 1 & 2 GHG inventories	**28,7%**
Companies reconciling environmental costs with the financial statements	**19,5%**
Companies conducting climate change scenario analysis	**6,5%**
Companies assessing the financial impact of environmental initiatives	**5-10%**



PART 2:

Conceptual framework: Connected information and the 5 layers of connection

IFRS S1 requires companies to provide information in a way that enables report users to understand the connections among sustainability-related factors, and the connections between sustainability information and the financial statements. The concept of connected information is therefore a measure of the financial maturity of climate disclosure.

From disclosure to integration

Under the old disclosure logic, a climate report could answer questions such as: **how much does the company emit, and does it have an emissions reduction target?**

Under the logic of connected information, the questions change:	• How does climate risk affect the business model? • Is the transition plan reflected in capital allocation? • Are climate assumptions integrated into financial forecasting?

Five core layers of connection for the CFO

Table 1: Five core layers of connection in connected information

Layer of connection	Content	Illustrative example
(1) Strategy - Climate risk	Physical and transition risks linked to strategy, markets, and the product portfolio	Flood risk affecting the coastal real-estate portfolio
(2) Transition plan - Capital allocation	Net-zero commitments reflected in CAPEX, OPEX, procurement, and financing	Share of green CAPEX in total investment
(3) Climate assumptions - Financial statements	Carbon prices, regulation, and changes in demand affecting impairment and useful lives of assets	Carbon pricing affecting fixed-asset valuation
(4) Metrics - Value creation	Emissions and energy intensity linked to margins and competitiveness	Lower emissions leading to lower energy costs and improved margins
(5) Narrative - Assurance readiness	Information supported by clear data lineage and internal controls	ESG data assured under ISAE 3000

Connected information is a measure of the financial maturity of climate disclosure. IFRS S1/S2 are used here as a reference framework, not as a mandatory compliance requirement in Vietnam at present.

It should be emphasized that Vietnam does not currently require adoption of IFRS S1/S2. However, the framework provides a useful tool to assess whether current ESG information can be cross-referenced with the financial statements - and, if not, where the gap lies.

Why is connected information important for investors?

When a company discloses that it has invested VND 100 billion in environmental initiatives, investors need to know:

- *where is this amount recognized in the financial statements?*
- *Is it CAPEX, which increases asset value, or OPEX, an expense for the period?*
- *How does it affect margins, cash flow, and ROE?*

If those questions cannot be answered, ESG information becomes market "noise" rather than a "signal".

Similarly, when a company declares a Net Zero target for 2050, investors need to see how the transition plan is reflected in the investment budget, in carbon-price assumptions affecting production cost, in impairment testing for fixed assets such as fossil-fuel-based machinery, and in revenue forecasts such as the share of green products. **That is connected information - the point at which climate disclosure moves from a communications obligation to a decision-making tool.**

The four pillars of IFRS S1/S2

Both IFRS S1 and IFRS S2 are built around the four familiar pillars inherited from TCFD:

Governance	Strategy	Risk Management	Metrics & Targets
How sustainability-related risks and opportunities are overseen	How sustainability factors are integrated into strategy and the business model	The process for identifying, assessing, and managing risks	The indicators used for measurement and monitoring

IFRS S2 is climate-specific. It builds on TCFD but goes further in financialization:

- GHG measurement (Scope 1, 2, and moving toward Scope 3)
- Physical and transition risk analysis, adaptation strategy
- The financial effects of climate change

Unlike many earlier ESG frameworks, IFRS S2 focuses directly on financial impact rather than stopping at environmental measurement.

PART 3:

International context: Three development models

3.1 Europe: From compliance to an integrated reporting architecture

Europe is currently the region with the most advanced ESG regulatory system, with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) serving as the mandatory foundation. What matters most, however, is not the mandatory nature of the regime, but how Europe addresses the problem of multiple standards.

Rather than competing with the ISSB, Europe has chosen an interoperability approach: developing ESRS to serve policy objectives while ensuring that the framework can interoperate with IFRS S1/S2. The important consequence is that climate disclosure is no longer a single standard set, but an information ecosystem capable of linking multiple frameworks.

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Lesson for CFOs:

Do not build reports framework by framework. Build a data architecture and governance model that can serve multiple requirements at once. Countries such as the United Kingdom and Türkiye have already localized IFRS S1/S2 as national standards, showing that ISSB is becoming a common language for capital markets.

CSRD and ESRS: Europe's mandatory foundation

The EU CSRD requires around 50,000 companies to report sustainability information under ESRS, phased in from 2024 to 2028. ESRS includes general standards (ESRS 1 and ESRS 2) and topic-specific standards on climate (E1), pollution (E2), water (E3), biodiversity (E4), and the circular economy (E5). ESRS E1 on climate requires detailed disclosure on transition plans, emissions targets, scenario analysis, and the financial impacts of climate risk.

A key point is that ESRS applies the principle of double materiality: it assesses both the company's impact on the environment and the environment's impact on the company's finances. IFRS S1/S2, by contrast, focus only on financial materiality. This difference creates challenges for cross-border companies, but it also pushes EFRAG and ISSB to work more closely on interoperability.

However, in 2025 the EU approved an Omnibus adjustment package that reduced the reporting burden for SMEs, postponed some detailed requirements, and focused more on material indicators. This shows that even in the most advanced market, balancing information quality with implementation capacity remains a major challenge.

3.2 Singapore: A "climate-first, finance-led" model

If Europe represents complexity and comprehensiveness, Singapore represents pragmatism and implementation capacity. Singapore has not rolled out the entire ESG agenda at once. Instead, it has focused on climate disclosure, using IFRS S2 as a foundation and implementing it through a clear roadmap.

Singapore's major distinction is that climate disclosure is designed around the needs of financial markets, not merely to satisfy reporting requirements. TCFD adoption is high, but disclosure quality has remained weaker in scenario analysis, integration into risk management, and links to finance. This led to the shift toward ISSB to move from "having disclosure" to "having decision-useful disclosure"

Lesson on capacity building:

Singapore has invested heavily in illustrative reports, market reviews, training, and practical guidance to narrow the gap between technical requirements and implementation capability.

SGX and ISSB roadmap in Singapore

The Singapore Exchange (SGX) has introduced a mandatory climate disclosure roadmap for listed companies, starting with the largest firms and gradually expanding. Initially, SGX used the TCFD framework as the main reference point, then progressively shifted toward ISSB once IFRS S2 was formally issued. This "climate-first" approach lets companies concentrate resources on one domain rather than spreading them too thinly.

Market reviews in Singapore show high disclosure rates in Governance and Metrics, but much weaker performance in Strategy (scenario analysis) and Risk Management (integration into the risk management framework). This pattern closely resembles Vietnam's current situation, suggesting that the gap is common to emerging markets rather than unique to Vietnam.

Another notable point is that Singapore has its own green taxonomy and is aligning it with the ASEAN taxonomy. A taxonomy helps companies and investors clearly determine which activities are "green", enabling more systematic classification of CAPEX/OPEX and measurement of financial impact. Vietnam still lacks this and needs to develop it.

3.3 Vietnam: A market moving ahead of regulation

Vietnam does not currently require IFRS S1/S2 adoption. However, the main drivers are international investors, banks, supply-chain customers, and market-led initiatives. Many companies have started disclosing ESG data and producing sustainability reports. The largest gaps lie in the absence of linkage to finance, the limited role of the CFO, weak data and control systems, and the lack of integration into business decisions.

Vietnam does not lack disclosure - it lacks connected information. Precisely because the market is not yet locked into rigid regulation, companies still have an opportunity to design the system correctly from the outset.

Regulatory context in Vietnam

In Vietnam, Circular 96/2020 of the Ministry of Finance and stock-exchange guidance require listed companies to disclose ESG information in the annual report. However, the current requirements are mainly qualitative, not quantitative, and they do not require linkage to the financial statements. Vietnam also has no official roadmap for IFRS S1/S2 adoption, even though it has committed to Net Zero 2050 and joined a range of international climate-finance initiatives.

In this context, a group of frontrunner companies has proactively improved disclosure quality, not because of legal obligation but because of pressure from international investors, supply-chain partners, and the need to access green capital. This is market-driven momentum - and clear evidence that the market is moving ahead of regulation. The fact that 35 companies in the sample have already issued standalone sustainability reports, many of them using GRI and referencing TCFD, is concrete proof of this trend.

3.4 Comparative table of the three models

Table 2: Comparison of the three climate disclosure development models

Aspect	Europe	Singapore	Vietnam
Approach	ESRS + interoperability	ISSB-aligned, climate-first	Market-led
Objective	Compliance + policy	Market efficiency	Raising the transparency standard
Role of CFO	Central (multiple frameworks)	Central (finance-led)	Still emerging
Level of maturity	High	Medium to high	Early stage
Strength	Comprehensive data architecture	Effective capacity building	Opportunity to design correctly from the start
Challenge	Complexity and high cost	Uneven disclosure quality	Lack of connected information

Key insight:

Europe is solving the complexity problem. Singapore is solving the implementation problem. Vietnam now has an opportunity to solve the design problem correctly from the start.

It is also worth noting that all three models pursue the same goal: helping capital markets understand corporate climate risks and opportunities. The only difference lies in the path taken. For Vietnamese companies with export activities, access to international capital, or positions in global supply chains, understanding and preparing for these requirements is not optional - it is a prerequisite for maintaining competitiveness.

PART 4:

The environmental data landscape in Viet Nam

*Based on a survey of **261 listed companies**, this section presents the overall picture of environmental disclosure using a three-level scoring scale: 0 (no disclosure), 1 (mention/qualitative disclosure), and 2 (detailed quantitative disclosure). The sample includes 35 companies with a standalone sustainability report and **216 companies** that disclose only through the annual report; it also includes **38 financial companies** and **213 non-financial companies**.*

Survey method and scoring scale

❖ **The dataset was compiled from three main sources:**

- Standalone sustainability reports (where available)
- Annual reports
- Financial statements of 261 listed companies on HOSE and HNX

❖ **A three-level scale was applied to each indicator:**

Score 2	provided detailed quantitative disclosure with specific figures
Score 1	it mentioned the issue but mainly in qualitative terms without specific data
Score 0	the company did not mention or disclose the information

This classification allows assessment not only of whether disclosure exists, but also of the level at which it exists - a critical point for connected information.

❖ **The indicators were grouped into six areas**

Energy (electricity, fuel, and saving measures)
Water and wastewater (use, treatment, and recycling)
GHG emissions and pollutants (Scope 1, 2, 3, and reduction measures)
Solid waste (generated volume, recycling rate, and treatment systems)
Environmental costs and investment (disclosure and reconciliation with the financial statements)
Climate risks and opportunities (identification, process, integration, targets, and scenario analysis)

→ ***In total, 21 detailed indicators were reviewed***

❖ **In terms of sample structure**

39 real-estate companies	16 materials companies	12 consumer discretionary companies
35 financial companies	16 energy companies	IT, transport, healthcare, and other sectors
33 industrials	12 consumer staples	

→ ***This industry diversity allows analysis of disclosure intensity by sector characteristics.***

4.1 . Summary of 21 environmental indicators

Table 3: Summary of disclosure levels across 21 environmental indicators (n = 261 companies)

Indicator	Score 0	Score 1	Score 2	Total disclosed (1+2)	Rate
Electricity consumption (kWh)	116	76	69	145	55.6%
Electricity-reduction measures / targets	77	141	43	184	70.5%
Fuel consumption	151	58	52	110	42.1%
Scope 1 & 2 GHG inventory	186	37	38	75	28.7%
Scope 3 disclosure	240	9	12	21	8.0%
GHG-reduction measures / targets	113	107	41	148	56.7%
Water source and water use volume	94	102	65	167	64.0%
Wastewater, targets and measures	120	117	24	141	54.0%
Water recycling rate	199	46	16	62	23.8%
Waste generated during the year	192	35	34	69	26.4%
Waste recycling rate	206	27	28	55	21.1%
Waste treatment system	133	101	27	128	49.0%
Sustainability cost / investment disclosure	121	97	43	140	53.6%
Environmental cost reconciliation with FS	210	33	18	51	19.5%
Identification of climate risks / opportunities	95	125	41	166	63.6%
Climate risk management process	191	37	33	70	26.8%
Climate risk integrated into the RM framework	161	68	32	100	38.3%
Climate-risk targets / monitoring	155	71	35	106	40.6%
Climate-change scenario analysis	244	12	5	17	6.5%

4.2 The quality of "detailed quantitative disclosure" (Score 2) remains low

Looking at the Score 2 column, disclosure quality remains modest: only 26.4% of companies provide detailed electricity data, 14.6% report a full GHG inventory, and 16.5% disclose specific sustainability cost data. In particular, only 6.9% of companies (18 firms) reconcile environmental costs with the financial statements at a detailed level. This indicates that the data already exist, but in most cases not yet at a quality level suitable for financial analysis.

4.3 Industry analysis

To understand the disclosure landscape more clearly, it is necessary to look at sector characteristics. Disclosure levels differ substantially across industries, reflecting the nature of operations and the degree of pressure from the market.

Table 4: Environmental disclosure levels by industry

Industry	No. of companies	Electricity	GHG inventory	Climate scenario analysis
Energy	16	81%	50%	-
Consumer staples	12	92%	50%	-
Consumer discretionary	12	50%	50%	-
Financials	35	46%	40%	21%
Industrials	33	52%	18%	-
Materials	16	62%	12%	-
Real estate	39	31%	10%	-
Transport	8	50%	25%	-
Information technology	5	20%	40%	-

The Energy and Consumer Staples sectors lead in electricity disclosure (81-92%), reflecting the energy-intensive nature of their operations. For GHG inventories, Financials (40%) and Energy (50%) lead, while Real Estate reaches only 10%. Notably, Financials are the only sector with a meaningful rate of climate change scenario analysis (21%), driven by bank risk management pressure and international investor expectations.

> *Environmental data already exist at a meaningful level (55-70% of companies disclose electricity, water, and GHG-reduction measures). However, quantitative quality and financial linkage remain systemic weaknesses.*

4.4 Detailed analysis: Water, wastewater, and waste

❖ Water

- companies mention the issue — 64%
- Provide detailed quantitative disclosure (Score 2). — 24,9%

❖ Wastewater

- Provide some disclosure — 54%
- report specific volume data (m^3) — 9,2%

❖ Water recycling disclosure

- Only disclose it — 23,8%
- Do quantitatively — 6,1%

> This suggests that many companies already operate wastewater treatment systems (49% have such systems), but measurement and reporting of outcomes have not yet been systematized.

❖ Solid waste

- Companies disclose the total amount generated — 26,4%
- Disclose recycling rates — 21,1%

Companies with data are usually those applying GRI and operating relatively complete internal tracking systems. Some cases report very high reuse rates, especially in materials manufacturing.

> The gap, therefore, does not lie in the absence of environmental management activities, but in the absence of consistent measurement and reporting systems.

4.5 Greenhouse gases: The foundation of climate disclosure

GHG inventory disclosure is the key indicator in climate disclosure and the foundation for setting reduction targets, analyzing carbon risk, and tracking progress.

Survey results show that

- Only **28.7%** of companies inventory Scope 1 and 2, and only 8% extend to Scope 3.
- Among the **56.7%** of companies that report GHG-reduction measures
- Only **16%** attach those measures to quantified outcomes such as tonnes of CO2e reduced
- A small number of representative companies have disclosed clear results, such as An Phat Bioplastics, which reported a reduction of around **7,009 tonnes of CO2e** through solar power and technology improvements.

Most companies still stop at the level of commitment - reducing emissions or moving toward net zero - while measured evidence of actual effectiveness remains limited.

This is a serious gap from the perspective of connected information:

Without reliable emissions data, companies cannot quantify carbon risk, cannot calculate the financial impact of transition, and cannot connect climate assumptions to the financial statements.

PART 5:

The level of disclosure of climate risks and opportunities

5.1 Climate Risk & Opportunity Disclosure Index

The research team developed an index composed of five core elements, each scored on a binary basis (yes/no), for a total score from 0 to 5. International benchmark: in 2024, around 84% of S&P 500 companies disclosed in line with TCFD, compared with the very low level observed in Vietnam.

Table 5a: Five elements constituting the Climate Risk & Opportunity Disclosure Index

Element	Detailed description	Share of companies disclosing
Climate target	Whether the company sets targets for GHG reduction, carbon neutrality, or net zero	~15%
Tracking climate risks / opportunities	Whether the company identifies and monitors climate change-related risks and opportunities	~13%
Scenario analysis	Assessment of strategy under different climate scenarios (e.g. 1.5C, 2C)	~2%
GHG data	Measurement and disclosure of emissions (at minimum Scope 1 & 2)	~15%
Emissions reduction action	Specific GHG-reduction measures such as technology investment, renewable energy, and energy saving	~16%

Compared with international practice, the gap is large. While 84% of S&P 500 companies disclose under TCFD, only around 15% of Vietnamese companies disclose GHG data and only 2% conduct scenario analysis. This gap reflects not only differences in mandatory requirements, but also differences in technical capacity, data systems, and specialist talent. At the same time, it also means that Vietnam has substantial room to improve - and a valuable opportunity to build the system correctly from the beginning rather than repair it later.

5.2 Aggregate score distribution

Table 5: Distribution of Climate Risk & Opportunity Disclosure scores (n = 261)

Score band	Share of companies	Assessment
0/5	~76%	No disclosure of any climate element
1/5	~9%	Just starting, usually only generic mention of emissions-reduction actions
2/5	~4%	Some data exist, but no system yet
3-5/5	~11%	Frontrunners, usually with a standalone sustainability report

Nearly 90% of companies either do not disclose climate risks and opportunities at all or disclose them only to a very limited extent. Climate scenario analysis is almost absent (6.5%).

5.3 Top 20 leading companies

Two companies achieved the maximum score of 5/5: BWE (Binh Duong Water - Environment) and VHM (Vinhomes). Sixteen companies scored 4/5, spanning multiple sectors such as environmental infrastructure, real estate, industrial manufacturing, consumer goods, and financial services.

Two companies achieved the maximum score of 5/5

BWE (Binh Duong Water - Environment)

VHM (Vinhomes)

Table 5b: Top 20 companies in climate risk and opportunity disclosure

No.	Ticker	Company	Score
1	BWE	Binh Duong Water - Environment	5/5
2	VHM	Vinhomes	5/5
3	AGG	An Gia	4/5
4	DBC	Dabaco Group	4/5
5	DVP	Dinh Vu Port	4/5
6	EIB	Eximbank	4/5
7	HPG	Hoa Phat Group	4/5
8	HSL	Hong Ha Food	4/5
9	HT1	Vicem Ha Tien	4/5
10	HTN	Hung Thinh Incons	4/5
11	IDI	IDI International Development & Investment	4/5
12	KHP	Khanh Hoa Power	4/5
13	MSB	Vietnam Maritime Commercial JS Bank	4/5
14	MSN	Masan Group	4/5
15	NAB	Nam A Bank	4/5
16	NAF	Nafoods Group	4/5
17	NLG	Nam Long	4/5
18	PNJ	Phu Nhuan Jewelry	4/5
19	PVP	Pacific Petroleum Transportation	4/5
20	SAB	Sabeco	4/5

These companies share one common feature: they have begun to measure and disclose most material climate aspects, and many either publish standalone sustainability reports or integrate ESG content into the annual report. However, even this frontrunner group still does not fully approach international standards. Climate scenario analysis remains the rarest topic, and not all companies apply standards such as TCFD consistently. This is important because it shows that even at the highest current disclosure level in Vietnam, there is still substantial room for improvement in both quality and financial linkage.

Another point worth noting is the sector diversity of the leading group. Strong disclosure is not limited to energy or environmental companies. It also appears in real estate (VHM, AGG, NLG), manufacturing (HPG, DBC, HT1), financials (EIB, MSB, NAB), and consumer goods (MSN, PNJ, SAB). This indicates that climate disclosure can be implemented in any industry when a company has the necessary strategy and commitment.

5.4 Correlation with governance factors

Table 6: Comparison of climate disclosure between companies with and without a standalone sustainability report

Indicator	Standalone sustainability report group (n=35)	No standalone report group (n=216)
Scope 1 & 2 GHG inventory	86%	16%
GHG-reduction measures	97%	48%
Identification of climate risks / opportunities	97%	56%
Climate scenario analysis	37%	0.5%
Environmental cost reconciliation with FS	54%	11%

Table 7: Comparison of financial and non-financial companies

Indicator	Financial companies (n=38)	Non-financial companies (n=213)
GHG inventory	42%	23%
Climate risks / opportunities	71%	61%
Climate scenario analysis	21%	3%
Reconciliation with FS	29%	15%

Financial companies clearly lead in climate scenario analysis (21% versus 3%), primarily because of pressure from bank risk management, stress testing, and international investor requirements. This is strong evidence of the link between financial pressure and climate disclosure quality.

This finding is highly consistent with international experience: in both Europe and Singapore, banks and financial institutions are usually the leading group in climate disclosure because of the nature of risk management and the demands of financial supervisors. In Vietnam, the State Bank has also begun issuing guidance on green credit and environmental risk management, creating further momentum for this group.

The study also identifies a clear positive correlation between climate disclosure levels and three key sustainability governance factors. First, application of international standards: among the 35 companies with a standalone sustainability report, nearly 50% scored 3/5 or above, compared with only around 5% in the group without one. Average score: 2.5/5 versus 0.3/5, an eightfold gap. Second, clear ESG governance: companies with an ESG committee, sustainability strategy, and senior-level commitment (such as BWE, PNJ, and Sabeco) tend to lead in climate disclosure. Third, environmental spending linked to cost: companies with a stated environmental budget reach an average climate score of around 2.2/5, versus around 0.25/5 among those that make no mention of such spending.

Taken together, these correlations confirm one important point: climate disclosure is not a stand-alone activity. It is closely tied to the overall maturity of the sustainability governance system. To improve climate disclosure quality, companies need to improve other governance dimensions at the same time, such as reporting transparency and the integration of ESG into the internal governance structure.

PART 6:

The core gap: cross-referencing esg and the financial statements

If the previous sections show that environmental data already exist to some extent, the key question in this section is whether those data can actually be cross-referenced with the financial statements. Based on the survey results, the answer is largely no.

6.1 Overview: Separation between two reporting systems

The central question in this section is whether disclosed environmental and climate information can be cross-referenced with the financial statements. The answer from the survey data is largely no. The indicators below show how separate the two reporting systems still are.

Table 8: Key indicators on ESG - financial statements cross-referencing

Companies disclosing sustainability / environmental costs or investments	**140/261 (53.6%)**
Of which reconciled with the financial statements	47/140 (33.6%)
Companies with GHG inventory and reconciliation with the financial statements	33/75 (44.0%)
Overall rate of reconciliation with the financial statements across the full sample	51/261 (19.5%)
Companies with a standalone sustainability report that reconcile with FS	54%
Companies without a standalone sustainability report that reconcile with FS	11%

6.2 Four features of the current state

1

Sustainability data do exist to a meaningful degree

Many companies already collect and disclose information on energy, water, emissions, environmental costs, and sustainability governance structures. The problem is not a total absence of data.

2

The reporting boundary for sustainability reporting and the accounting boundary are not yet aligned

This lack of consistency leads to discrepancies between the two reporting systems and little explanation for the differences.

3

The financial impact of sustainability is reflected in the financial statements, but indirectly and in a fragmented way

Environmental costs are scattered across line items such as Other Expenses, Administrative Expenses, Fixed Assets, and Construction in Progress - without ESG or climate labels.

4

Companies rarely explain the link between sustainability actions and financial consequences

There is very limited analysis connecting environmental investment, climate-risk management, and the effects on cost, assets, cash flow, and business performance.

The core problem is not missing data. It is the lack of a reporting structure aligned with financial logic and investor decision-making.

6.3 Implications for cross-referencing

The analysis leads to three important implications:

First, cross-referencing is entirely feasible with the data already available - many environmental expenditures already sit in the financial statements under line items such as Other Expenses, Administrative Expenses, Fixed Assets, or Construction in Progress. The issue is that they are not labeled or classified through an ESG or climate lens.

Second, even a simple reconciliation table between the sustainability report and the notes to the financial statements would materially improve transparency. This table does not need to be complicated. It simply needs to show which line in the sustainability report corresponds to which line in the financial statements and explain any difference in boundary, recognition method, or reporting period.

Third, cross-referencing does more than improve transparency. It also helps companies identify inconsistencies in their internal data systems, improve the control quality of ESG data, and prepare for future third-party assurance. This is a low-cost step that can create high value and is fully within the reach of Vietnamese companies today.

6.4 Indicators on environmental cost and investment

53.6% of companies mention environmental costs or investments, but only 16.5% provide specific quantitative figures. Most remain at the qualitative level ("there was investment", "the budget was increased") without disclosing an absolute value or the share of total cost or total investment. Only 5-10% mention quantified financial benefits such as energy cost savings, lower production cost, or revenue contribution from green products.

The lack of cost-benefit analysis weakens the ability to demonstrate the economic value of ESG. When investors cannot see the link between environmental investment and financial performance, they will treat ESG as a "compliance cost" rather than a "long-term value-creating investment".

→ This is exactly the gap that connected information is intended to close.

6.5 Illustrative example: Sustainability report - financial statements reconciliation table

To make the concept more concrete, below is an illustrative example of a simple reconciliation table that companies could use to connect sustainability information with the financial statements:

Illustrative example: Sustainability report - financial statements reconciliation table (illustrative figures**)**

Sustainability report line item	Amount in sustainability report	Corresponding line in the financial statements	Amount in financial statements	Explanation of difference
Sustainability / environmental spending	VND 95 bn	Other expenses (Note XX)	VND 72 bn	VND 23 bn provided in kind + fund contribution
Solar power investment	VND 15 bn	Increase in fixed assets (Note YY)	VND 15 bn	Consistent - recorded as CAPEX
Social welfare	VND 32 bn	Social program expenses (Note ZZ)	VND 17 bn	VND 15 bn outside the consolidation boundary

A table like this does not need to be complex. It only needs to show clearly which line item in the sustainability report corresponds to which item in the notes to the financial statements, and explain any difference where necessary. Doing so improves transparency and helps companies detect inconsistencies within their internal data systems. For the 35 companies that already have a standalone sustainability report, implementing such a table is entirely feasible in the next reporting cycle.

For banks - the group already leading in scenario analysis (21%) - the reconciliation table could be extended further to clarify the share of green credit in the total loan portfolio, provisioning costs for environmental risk, and the effect of climate risk on asset quality. This is a concrete direction Vietnamese banks can take to improve the credibility of climate disclosure in the eyes of international investors.

PART 7:

Company case analysis

The five cases below reflect different states of readiness in cross-referencing climate / sustainability information with the financial statements. The question is not ***"Does the company meet IFRS standards?"*** *but rather* ***"Has the financial story been told in full?"***

Each case is analyzed from three angles:

i

what climate or environmental data already exist

ii

how far the ESG governance structure has developed

iii

how strongly the information is connected to the financial statements

The cases represent different industries:

Bioplastics manufacturing (AAA)

AN PHAT BIOPLASTICS

Major state-owned bank (BIDV)

BIDV

Fertilizer industry (DCM)

PHÂN BÓN CÀ MAU
HẠT NGỌC MÙA VÀNG

Commercial banking (NAB, ACB)

NAM A BANK

ACB

7.1 An Phat Bioplastics (AAA): Data exist, linkage does not

AAA has prepared a GHG inventory with an independent third party, disclosed emissions-reduction measures, and spent around VND 95 billion on sustainability. These expenditures can be traced to the "Other Expenses" line in the notes to the financial statements. However, the company has not clearly separated OPEX from CAPEX, nor analyzed how these expenditures reduce carbon risk or improve long-term operational efficiency. **Climate data and financial data coexist, but they are not yet connected into one coherent financial story.**

7.2 Nam A Bank (NAB): A mismatch between sustainability reporting and the financial statements

NAB disclosed total social welfare spending of VND 32.4 billion in its sustainability report, but the financial statements recognize only VND 17.4 billion. The difference is not explained. This is not a compliance issue - it is a transparency issue. Investors need to know which portion was recognized as period expense, which part consisted of in-kind contributions, and why the reporting boundaries differ.

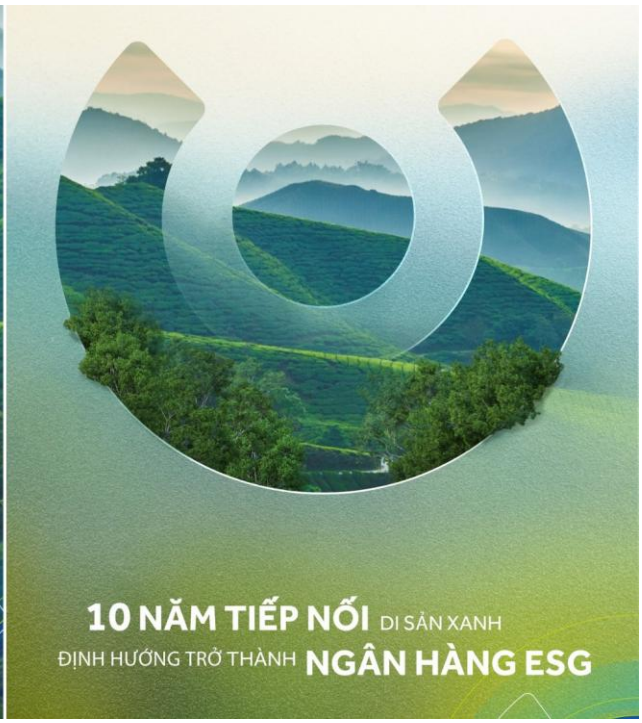
The NAB case is a typical example of why a reconciliation table between the two reporting systems is needed.

> A simple reconciliation table could include the sustainability report line item, the amount, the corresponding line in the financial statements, the amount, and the explanation for the difference. The implementation cost is low, but the transparency value is high.

7.3 ACB: Strong governance, but limited financial quantification

ACB is one of the few companies to show a relatively complete sustainability governance structure, integrating ESG and climate risk into the bank's overall risk management system. Notably, some material sustainability indicators have been independently assured under ISAE 3000, which increases the reliability of the disclosed information.

Viewed through the lens of the five layers of connection, ACB performs well in layer (1) Strategy - Climate risk and layer (5) Assurance readiness. However, layer (3) Climate assumptions - Financial statements and layer (4) Metrics - Value creation remain limited. The report still focuses mainly on policies, processes, and commitments, without clearly showing the effect of climate risk on the loan portfolio such as exposure to high-emission sectors, cost of capital, or medium- and long-term profitability.



ACB illustrates the transition from "good governance" to "finance-linked governance". This is the transition most Vietnamese banks will have to make, especially as the State Bank continues tightening requirements for environmental and social risk management in lending.

7.4 Dam Ca Mau (DCM): An industrial company in transition

DCM has established an ESG Committee, spent on environmental projects, and embedded ESG KPIs into leadership evaluation. However, environmental expenditures are not linked to the financial statements, and the financial impact such as production cost, energy efficiency, and compliance risk is not analyzed systematically.

For DCM, the issue is even more concrete: as a high-emission industrial company, climate transition costs can directly affect product cost and margin. Investors need to know how much has been invested in environmental treatment systems, whether those amounts are recognized as CAPEX or OPEX, and what benefits are expected such as lower compliance cost or improved energy efficiency. Without this information, investors cannot judge whether DCM's sustainability strategy is a cost or an investment.

This is a common state among Vietnamese industrial companies:

Organizational structures and sustainability actions already exist, but they have not yet been translated into financially meaningful information. This is especially urgent for high-transition-risk sectors such as fertilizer, steel, cement, and energy, where environmental cost linkage to the financial statements is essential for the market to evaluate adaptive capacity properly.

7.5 BIDV: Climate data exist, but financial classification is missing

BIDV discloses Scope 2 emissions reductions, a Net Zero strategy, and a significant increase in fixed assets. However, it does not make clear which portion of CAPEX relates to climate transition.

The issue is concrete: when BIDV upgrades its IT systems, renovates offices, or shifts lighting to LED systems, those expenditures are recorded in fixed assets as a whole rather than separated into climate-related portions. Investors therefore cannot tell what percentage of BIDV's investment actually supports its Net Zero target. Classification of climate-related CAPEX is one of the core requirements of both IFRS S2 and the EU taxonomy, and it is also information that international investors increasingly expect to see.

If BIDV were to add a simple classification table showing total CAPEX for the period, climate-related CAPEX, and the related ratio, that would be a major step in connecting sustainability information with finance - and a strong market signal about the seriousness of its Net Zero strategy.

7.6 Summary comparison of the five companies

Table 9: Summary comparison of cross-referencing capability across five companies

Company	Climate data	ESG governance	Reconciliation with FS	Main gap
AAA	Good (GHG, VND 95 bn)	Medium	Exists but weak	No clear separation between OPEX and CAPEX
NAB	Medium	Medium	Mismatch	Lack of reconciliation
ACB	Good	Good (ISAE 3000)	Limited	No quantification of financial impact
DCM	Basic	Good (ESG Committee)	None yet	Environmental costs remain scattered across the FS
BIDV	Good (Scope 2, Net Zero)	Good	None yet	CAPEX not classified by climate relevance

Even the leading companies are still in transition from "good disclosure" to "disclosure that connects to finance". The financial story is not yet being told in full.

PART 8:

Synthesis of findings

This section consolidates the key findings from the entire study, including the survey of 261 companies, the five company cases, and the international comparison. The findings are viewed from the perspective of strategic opportunity rather than compliance.

8.1 Three systemic findings

The core gap is not a lack of data, but a lack of connection:

Many companies already hold relatively complete ESG data (55-70% disclose electricity, water, and GHG-reduction measures), but the information remains fragmented, financially disconnected, and insufficiently integrated to support investment decisions.

Companies do not need to do more; they need to do things differently:

The focus should be on turning ESG into financially meaningful information by clarifying how sustainability risks relate to cash flow, cost, investment, and enterprise value. Clear classification of climate-related CAPEX/OPEX and a sustainability report - financial statements reconciliation table are the most practical first steps.

The absence of connected information is a systemic weakness:

Without a clear link between the sustainability report and the financial statements, investors cannot fully assess risk-management quality or long-term prospects. Only 19.5% of companies reconcile environmental costs with the financial statements, and only 6.9% do so at a detailed level.

8.2 Three main bottlenecks

Incomplete awareness:

many companies do not yet fully recognize the urgency of climate risk for financial performance. In the absence of mandatory requirements, short-term priorities dominate.

Lack of resources and expertise:

GHG inventories, scenario analysis, and emissions-reduction target setting require specialist knowledge and data systems that many companies have not yet built.

Lack of an enabling policy framework:

Vietnam has no unified climate-risk reporting framework. Disclosure remains largely voluntary and lacks comparability.

8.3 Summary of key indicators

Summary table of key indicators and implications

Indicator	Result	Implication
Electricity disclosure	55.6%	Basic environmental data are already fairly common
Scope 1 & 2 GHG inventory	28.7%	Not sufficient yet to quantify carbon risk
Scope 3 disclosure	8.0%	Serious weakness at the value-chain level
Environmental cost reconciliation with FS	19.5%	The largest gap in connected information
Climate change scenario analysis	6.5%	Very limited forward-looking risk capability
Financial impact of ESG	5-10%	ESG value is not yet demonstrated economically
Financial companies conducting scenario analysis	21%	Financial pressure is driving action
Companies with standalone sustainability reports that reconcile with FS	54%	Standalone reporting provides a foundation for linkage

The overarching message is clear:

Vietnam does not lack ESG data - it lacks a connecting structure between sustainability data and financial information. This is not merely a compliance issue; it is a strategic opportunity.

8.4 Comparison with the international context

When Vietnam's findings are set against the international context, several important similarities and differences stand out. In terms of similarity, both Singapore and Vietnam show common weaknesses in scenario analysis and financial linkage, indicating that this is a general challenge among emerging markets, not something unique to Vietnam.

The difference is that Singapore has moved further with an SGX-led mandatory roadmap and a structured capacity-building strategy. Europe has built a connected data architecture across reporting systems. Vietnam remains in a market-led phase, without mandatory regulation. However, late movers also have an advantage: they can learn from others and avoid the technical debt that earlier markets are now trying to address.

One especially important lesson from both markets is that climate disclosure quality improves materially only when there is direct financial pressure from investors, banks, or financial supervisors.

Vietnam's data confirm this: the financial sector, under pressure from risk management and international investors, clearly outperforms other sectors.

This is a highly relevant policy implication: applying financial pressure at the right point is the most effective way to raise information quality.

PART 9:

Implications and recommendations

9.1 For CFOs and finance teams

Build the reporting architecture

CFOs need to co-own climate disclosure rather than leaving it entirely to the sustainability function. Specifically:

- build a reconciliation table between the sustainability report and the financial statements
- clearly classify climate-related CAPEX and OPEX
- connect the sustainability report to the annual report and the financial statements

Integrate climate into the financial system

- CFOs need to co-own climate disclosure rather than leaving it entirely to the sustainability function.
- Specifically, they should build a reconciliation table between the sustainability report and the financial statements
- Clearly classify climate-related CAPEX and OPEX, and connect the sustainability report to the annual report and the financial statements.

Upgrade organizational capability

Clarify the role of the CFO in climate disclosure - not merely as approver, but as co-owner. Connect three functions: finance, sustainability, and strategy. Prepare for assurance readiness by building data lineage and structured data-collection processes.

In practical terms:

1. mapping current environment- and climate-related expenditures and investments already present in the financial statements
2. building a reconciliation table linking those items to the corresponding sections of the sustainability report
3. explaining any differences in reporting boundary or method
4. adding concise analysis of the financial effects of environmental initiatives

These steps do not require major system changes and can be executed in the next reporting cycle.

9.2 For banks

Banks can move from being information users to becoming information shapers: demanding better disclosure from borrowers, integrating climate into credit assessment, and developing green finance products based on reliable data. The data show that financial institutions already lead in climate scenario analysis (21%) because direct financial pressure drives action.

More specifically, banks can:

(i) Include GHG and climate-risk disclosure requirements in the credit appraisal process for large loans

(ii) Develop preferential lending packages for companies with high-quality climate disclosure

(iii) Build climate-risk assessment systems for the loan portfolio, covering both physical risks such as flooding and storms and transition risks such as regulatory changes and carbon pricing.

Singapore's experience shows that when banks ask for it, companies respond - because access to capital depends on it.

9.3 For investors

Investors are increasingly focused on resilience, transition credibility, and capital allocation alignment rather than ESG ratings alone. IFRS S1/S2 can be used as a reference framework to read and assess the substantive quality of sustainability reports by examining the degree of linkage between sustainability risks and opportunities and financial metrics, thereby identifying a company's long-term governance capability.

A practical approach is to ask five connected-information questions when reading a sustainability report:

(1) Are sustainability expenditures reflected in the financial statements?

(2) Are climate targets linked to the investment plan?

(3) Do climate-risk assumptions affect asset valuation?

(4) Is there a classification of green CAPEX?

(5) (5) Are ESG data assured? If the answer to most of these questions is no

9.4 For regulators

The findings suggest that supervision should shift from simply checking whether an ESG report exists to assessing the degree of connection between sustainability information and financial information. Singapore's experience shows that capacity building - illustrative reports, practical guidance, and training - is an effective way to narrow the gap between technical requirements and implementation capability.

In practical terms, regulators can:

(i) Issue guidance on cross-referencing between sustainability reports and financial statements, including a simple reconciliation-table template;

(ii) Encourage, before mandating, disclosure of the share of environment- and climate-related CAPEX/OPEX

(iii) Develop illustrative reports for key sectors such as banking, energy, and industrial manufacturing

(iv) Build a roadmap toward IFRS S1/S2 suited to Vietnam's context, potentially starting with large companies and high-climate-risk sectors.

A major lesson from both Europe and Singapore is that requiring disclosure alone is not enough to raise information quality. Only when the focus shifts to the degree of connection with finance does the market receive information that is genuinely useful for investment decisions. Vietnam has the advantage of learning from earlier markets and designing the right policy architecture from the start.

9.5 Consolidated action agenda

Table 10: Action agenda for four stakeholder groups

Stakeholder	Short-term action (6-12 months)	Medium-term action (1-3 years)
CFO / Finance	Build a sustainability report - FS reconciliation table; classify climate-related CAPEX/OPEX	Integrate climate assumptions into budgeting; establish internal controls for ESG data
Banks	Include GHG requirements in credit appraisal; develop green-credit products	Build climate-risk portfolio assessment systems; conduct climate stress testing
Investors	Apply the five connected-information questions when reading sustainability reports	Build a forward-looking assessment framework based on climate resilience
Regulators	Issue reconciliation templates and illustrative reports	Build an IFRS S1/S2 roadmap; develop a green taxonomy

PART 10:

Conclusion

Climate disclosure is entering a new phase - one in which value lies not in "disclosing more", but in "connecting better". Europe shows the importance of interoperable data architecture across frameworks. Singapore shows how to implement with a climate-first, finance-led model and strong capacity building. Vietnam has an opportunity to move faster by getting the design right from the start.

The survey of 261 listed companies shows that Vietnamese companies do not lack ESG data: 55-70% disclose electricity, water, and GHG-reduction measures; 28.7% have prepared GHG inventories; and 53.6% mention sustainability costs. But only 19.5% reconcile these disclosures with the financial statements, and only 5-10% analyze financial impact. The core gap lies in connecting structure, not in the volume of data.

Building a sustainability report - financial statements reconciliation table, classifying climate-related CAPEX/OPEX, and strengthening the CFO's role in climate disclosure are concrete, feasible steps that can create immediate value. This is not a compliance issue - it is a strategic issue: companies that connect climate information with finance will gain an advantage in access to capital, cost of capital, and investor trust.

Although IFRS S1/S2 are not yet mandatory in Vietnam, they provide a valuable reference framework for companies to self-assess and upgrade disclosure quality. They should not be viewed as a compliance burden, but as a common language for translating ESG commitments into financial information that capital markets can understand and price.

Ultimately, the question is no longer "Does the company disclose climate information?" but rather "Can the company turn climate information into a language that capital markets can understand and trust?"

ESG only truly "creates value" when it is connected to risk, strategy, and cash flow.

Contributors

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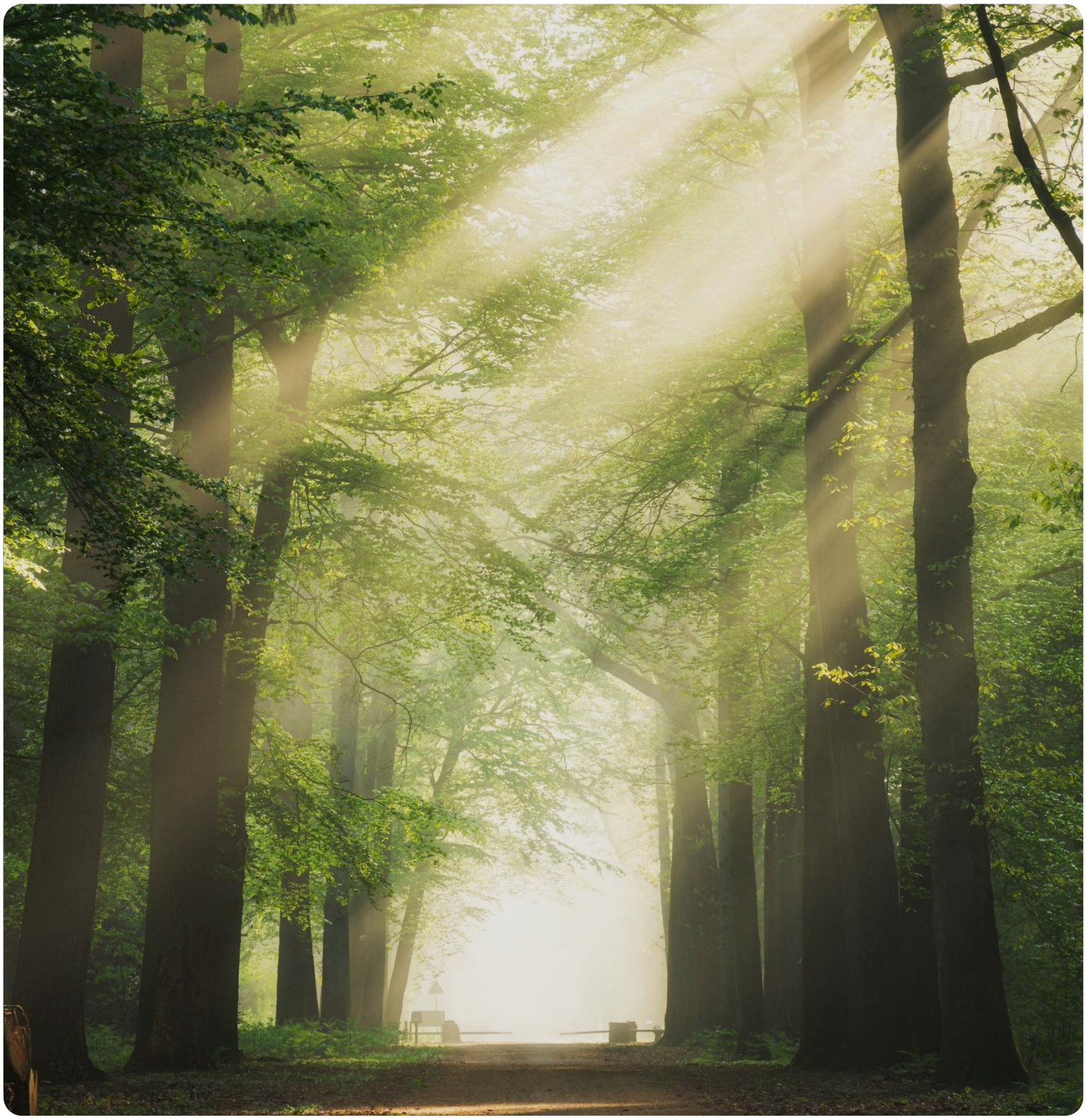

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