



# Private Businesses Towards a Sustainable Future

ESG Readiness of Private Businesses in  
Viet Nam 2022/2023



In collaboration with:



# Making sense of ESG

ESG is a set of environmental, social and governance standards for company operations. It serves as a guide for stakeholders to understand how an organisation manages risks and opportunities across the three dimensions.

## What's inside each dimension?

Environment Nature conservation				Social Investments in people and relationships			Governance Building trust in society		
Climate	Pollution	Waste	Resource use	Employee	Customer	Business model	Business practices	Transparency & Disclosure	Board & management profile
Carbon emission	Air	Packing	Water stress	Basic needs & wellness	Product safety and quality	Operation resilience	Ethics	Tax	Board & management profile
Physical asset resilience	Water	Electronic	Energy management	Diversity & inclusion	Selling practices	Product design & lifecycle management	Competitive behavior	Accounting & Internal Audit	Board/Exec remuneration
	Soil	Hazardous	Biodiversity & land use	Hiring & advancement	Privacy & data security	Supply chain management			Purpose and values
	Others	Wastewater	Others	Worker experience		Accessibility		Risks and opportunity	
						Community investment			Ownership & Succession

# The ESG journey of private businesses in Viet Nam

1

Private businesses spearheading sustainability

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2

Navigating ESG for success

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3

Seizing golden ESG opportunities

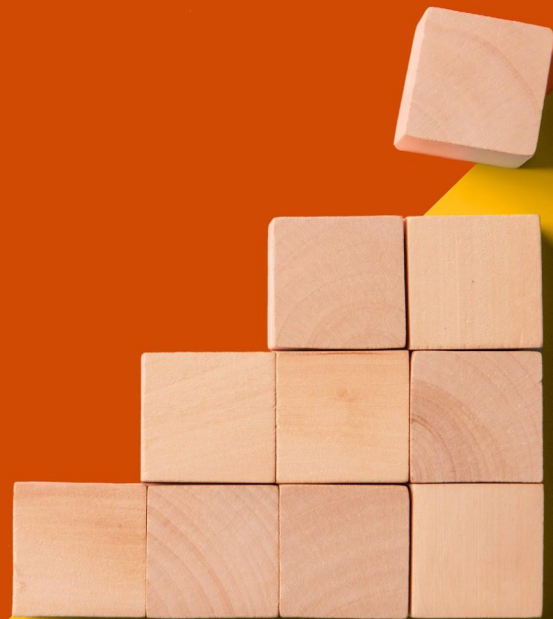


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# Private businesses spearheading sustainability

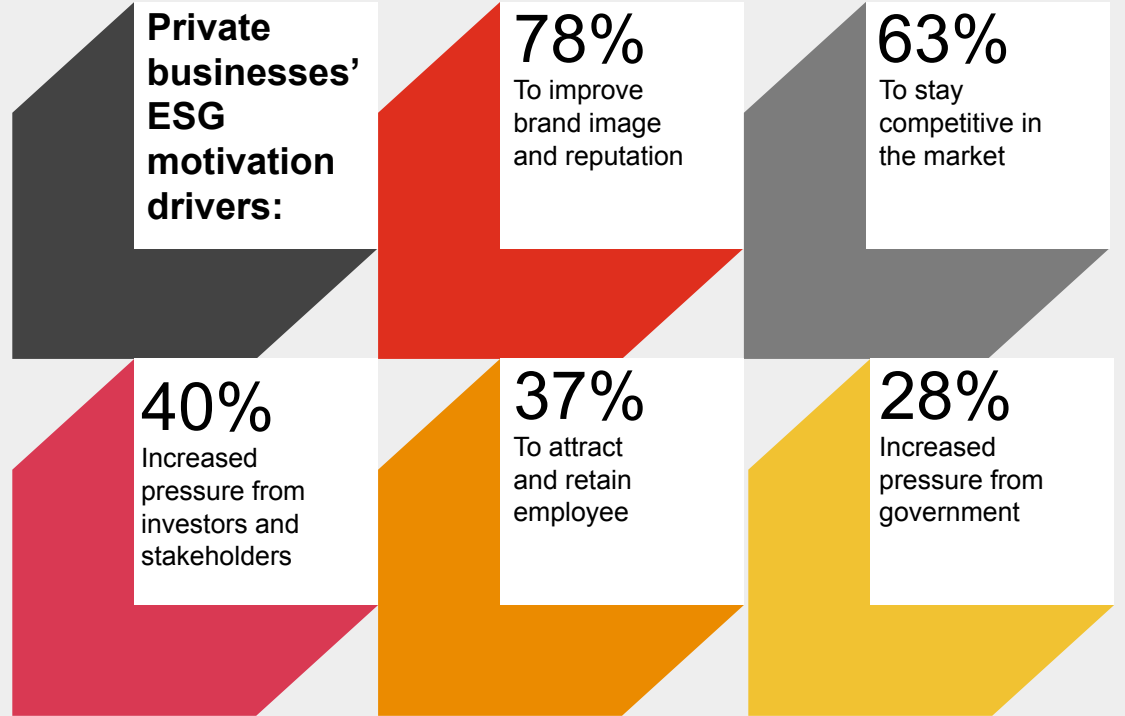
# 1



## Focusing on stakeholders' expectations

Private businesses are motivated by customers, competition, investors and employees to address ESG issues. Compared to publicly listed companies, they have more flexibility in reporting their ESG impact and performance.

Thus, rather than focusing on compliance, private businesses can focus on understanding their impact on stakeholders, identifying risks and growth opportunities arising from ESG.



Q: Factors motivating or will motivate the organisation to adopt ESG commitment (Choose many)

## Owning the ESG narrative

Private businesses can take ownership of the ESG narrative through their purpose and values.

In doing this, they can build a natural alignment with stakeholders by prioritising long-term value, generational wealth, and sustainability, all with the goal of creating a legacy.

ESG makes good business sense. This focus helps businesses identify and mitigate risks related to environmental, social, and governance issues. Adopting ESG practices also encourages innovation and efficiency by driving businesses to find more sustainable and cost-effective ways of operating.

NextGens in Private and Family businesses play a key role in building this ESG narrative. Our NextGen Viet Nam Report showed their heightened awareness of ESG issues.

68%

believe they have a responsibility to fight climate change and related consequences.

Current generation: 21%

77%

expect to be involved in increasing their family business focus on investments for sustainability in the future.

Source: [PwC VietNam - NextGen Report 2022](#)

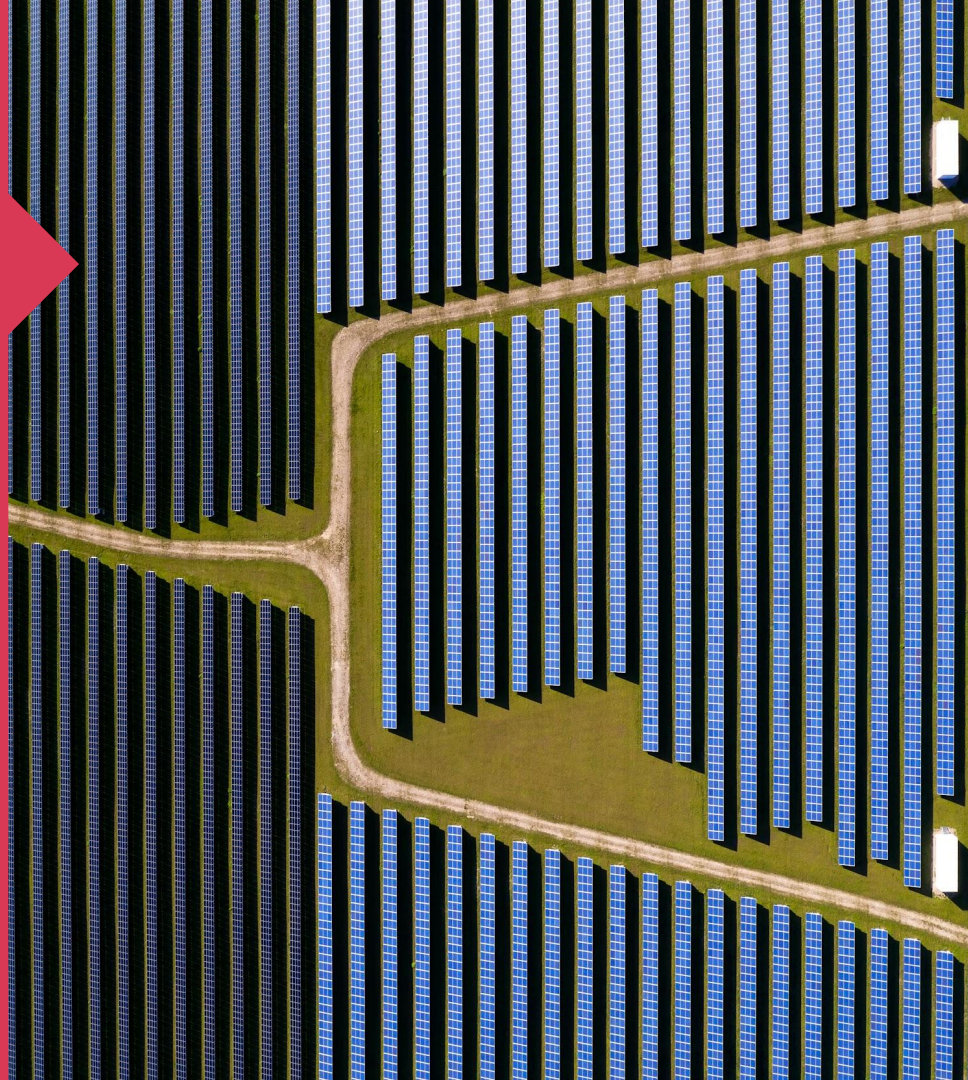


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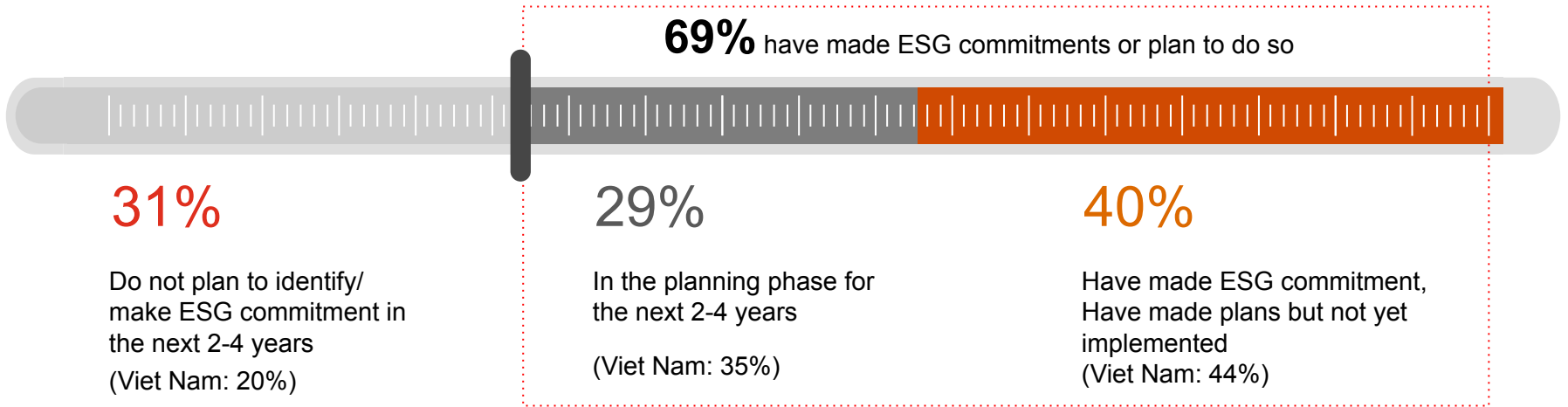


# Navigating ESG for success

# 2



# Private businesses in Viet Nam have kick-started their ESG journey



Once private businesses know their current level of ESG maturity and set future ambition, the next step is to plan and navigate their ESG journey.



## ESG leadership in Vietnamese private businesses - Current stage:

34%

Say their Board is not involved in ESG matters

(Viet Nam: 32%)

48%

Say there is no clear ESG leader within their organisation

(Viet Nam: 38%)

53%

Say their ESG programme run by a senior manager who has been designated to drive the ESG agenda/programme but is not fully dedicated to ESG

(Viet Nam: 41%)

## The need for ESG leadership

**The business owner must take ownership of ESG initiatives and lead by example to create a sustainable and responsible business.**

Profit and purpose in ESG go hand-in-hand. Business owners have a unique opportunity to make a positive impact beyond traditional philanthropy.

Adopting ESG practices can help businesses achieve long-term success, reduce risk, enhance their reputation, and promote innovation and efficiency. This has a direct impact on the bottom line.

**Opportunities for the CFO to play a bigger role in implementing and reporting ESG goals.**

As complying with regulations and reporting is the minimum ESG activity for early-stage sustainability journeys, CFOs have a ready opportunity to oversee it. When private businesses progress in ESG maturity, the CFO's role also expands to include driving cost efficiencies and changing business models, products, and customer orientation, all of which require sound regulatory compliance.

Simply put, creating reports is the final outcome of a well-planned ESG strategy. Rather than concentrating solely on report-making without any impact on the initial strategic conversation, CFOs can contribute to setting the strategic direction to guide the reporting process.

# Telling the ESG story

Although private businesses are making progress in sustainability and are keeping up with listed corporations, many are not effectively communicating these efforts to the public.

## Why should private businesses re-prioritise ESG reporting?



### ESG is in the DNA of private businesses

Especially family-owned ones, as they prioritise long-term value creation and responsible behavior towards communities and the environment. Making ESG investments is simply part of their wider drive to build future value.



### ESG reporting goes beyond compliance obligation

It provides an opportunity for businesses to showcase their commitment and achievements around ESG, serving as a differentiator with customers, suppliers, and talent. Private businesses can even surpass their larger, listed counterparts in the sustainability agenda once they measure and articulate their results.



### While ESG reporting can be complex, private businesses can start small

by focusing on key ESG issues relevant to their industry and stakeholders. They are more agile and can quickly adapt to a low-carbon and inclusive world, enabling them to pursue long-term value in an entrepreneurial way.

## ESG governance and reporting in Vietnamese private businesses - Current stage:

60%

Have informal governance structure or no structure on ESG matters

(Viet Nam: 51%)

29%

Have well-defined ESG targets and metrics

(Viet Nam: 47%)

82%

Have no or limited external reporting on ESG matters

(Viet Nam: 70%)



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# Seizing golden ESG opportunities

# 3



# Enabling ESG transformation with upskilling

When we asked private businesses about what holds them back from making ESG commitment, 60% cite lack of knowledge. However, upskilling is not top of mind for companies as more than half have yet to consider training on ESG.

Q: How has or will the organisation upskill the current staff force to have the necessary knowledge and expertise in ESG? (Choose many)



## Upskilling can foster the organisation's ESG transformation through:

**Communication:** Transparently communicating ESG objectives builds a culture of trust, driving employee support for ESG outcomes and company goals.

**Action:** Upskilling aligns employees with corporate goals, enabling them to take action, collaborate, and drive progress and innovation.

**Multidisciplinary skills:** ESG upskilling offers employees the chance to develop both technical and soft skills, including communication, leadership, creativity, and problem-solving. These can empower employees to navigate the complexities of ESG issues, engage in difficult conversations, and contribute to the organisation's ESG goals.

## Acting short-term; Thinking long-term.

Business leaders in Viet Nam are navigating the current volatile economic landscape while also preparing their businesses for the future. It requires a balancing act between these two priorities, referred to as the dual imperative, in order to succeed in the business world.

On ESG issues, it is time for private businesses to make real changes – going beyond good intentions to create a practical plan that achieves tangible results.

### Key questions for business leaders to consider:

Can we articulate in a 60 second elevator pitch how we are incorporating ESG into our business?

How are we communicating our values and strategy?

How is ESG impacting our business and its future valuation?

“

To create value and address the disconnect between short-term pressures and long-term opportunities, companies must strike a balance between meeting short-term performance requirements and investing in longer-term ESG goals.

By defining a clear and convincing ESG path that aligns with short-term KPIs and meets investors' expectations, companies can ensure their long-term success and avoid the significant costs of neglecting ESG initiatives.



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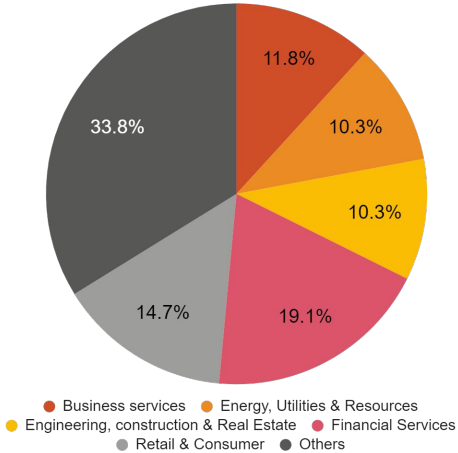


# About the ESG Readiness in Viet Nam 2022 Report

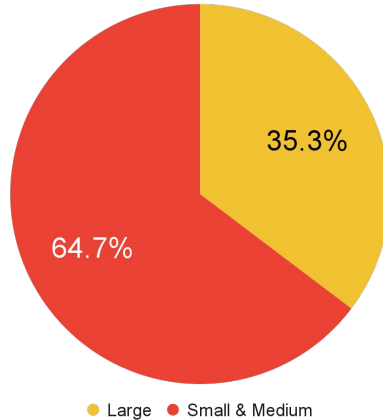
The ESG Readiness survey is a public survey conducted between May and August 2022 among the business community in Vietnam. The goal of the survey is to get an understanding of how businesses in Viet Nam approach ESG. The survey was conducted online in collaboration with the Vietnam Institute of Director (VIOD) where 234 participants (including 68 representatives from Private businesses) were asked about their commitment, plans, capabilities and activities with regards to ESG.

## Private business respondent profiles:

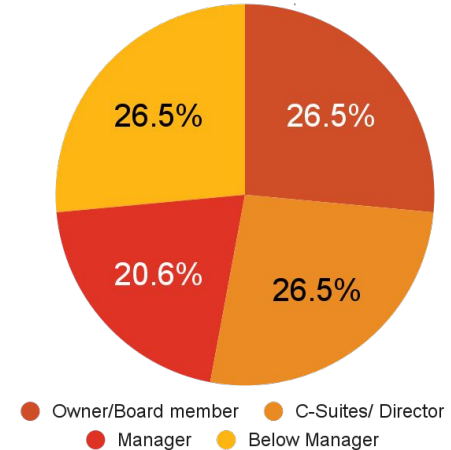
### By industries



### By size



### By positions



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